EUROPE'S BUSINESS NEWSPAPER

Tuesday November 5 1985

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World news

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Warning to Marcos deal wins on poll fairness

Leading Filipino politicians warned
President Ferdinand Marcos that if
the snap election he has called on
horn cigarettes, has been granted January 17 is not seen to be fair, the Government's authority will suffer.
Allies and opponents of President Marcos said unsatisfactory conduct during the election could lead to in-

creased communist insurgency.
At least a dozen opposition leaders have been mentioned as possi-ble candidates to challenge the President. They include Mrs Cory Aquino, vidow of Benigno Aquino, the assassinated opposition leader.

Belgian bank blast

Two powerful bomb blasts ripped through offices of Belgian banks in Brussels and Charleroi. The Fighting Communist Cells are believed responsible. No one was injured.

Nicaraguan build-up

Soviet military shipments to Nicarsoviet minitary supments to mear-agua have increased during the past month, according to the White House, which says a US spy plane flying over a Cuban port took photo-graphs of crates believed to contain Soviet weapons for Nicaragua.

Postmen killed

Two postmen were killed when gunmen attacked a postal security van in Verviers, Belgium. A gendarme captured by the raiders was later

Seoul students held

Police stormed the US Chamber of Commerce office in Seoul, freeing four hostages unharmed and arrest-ing 14 students after a two-hour anti-American, anti-government

Reagan orders probe President Reagan has ordered an 114 (FFr 11.4425) and 7299.25 investigation to trace the leak of a (7300.75). The point of exchange covert US plan to undermine the

Checkpoint bombed

A pro-Israeli Lebanese militiaman was killed and a woman injured when a Syrian suicide bomber attacked a South Lebanon Army checkpoint four miles north of the

W. Germans doubtful

Most West Germans believe neither the US nor the Soviet Union is serious about disarmament, according to a poll commissioned for the ZDF television channel. It also said 46 per cent opposed possible West German participation in the US Star Wars programme, while 31 per cent favoured it. Star Wars progress, Page 12

Free riders jailed

India has jailed more than 5,000 people and fined nearly 10,000 for travelling free on the country's trains. The Government caught nearly 125,000 people either without tickets or with the wrong tickets during the first two weeks of

Syria urges accord

Syria urged rival Lebanese factions to stop arguing and sign a Syrian-brokered accord to end 10 years of

Chinese N-plant talks Britain's General Electric Company will soon resume talks with China on a multi-billion-dollar commercial

Bus plunge kills 15

nuclear power plant near Hong

At least 15 people were killed when a bus heading towards Catania from central Sicily plunged off a motorway bridge.

Europe 2,3

Companies 19, 21 America 8, 10

Business summary

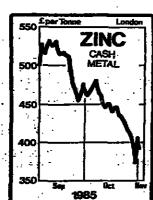
Rothmans court approval

group which manufactures Mari-boro cigarettes, has been granted permission by the West German supreme court to take a large mi-nority stake in the local subsidiary of Rothmans International, despite the continued objections of the Federal Cartel Office. Page 18

WALL STREET: The Dow Jones industrial average closed down 0.57 at 1,389.68. Page 40

LONDON equities were hit by profit-taking although the FT Ordinary index reached a record 1,071.1 with a 0.5 point gain while the FT-SE 100 closed at 1,380.9, a rise of 1.9. Gilts found revived support. Page 40

TOKYO stock market was closed



DOLLAR continued to fall in London, closing at DM 2.598 (DM 2.605), SFr 2.136 (SFr 2.1375), FFr 7.9125 (FFr 7.9425) and Y207.75 (Y208.85). On Bank of England figures the dol-lar's exchange rate index fell from 129.4 to 129.0. Page 33

STERLING gained just 5 points against the dollar in London to 51.441 It eased to DM 3.74 (DM 3.7525), SFr 3.0775 (SFr 3.08), FFr

GOLD in New York, the December Comex settlement was \$327.10. It rose 50 cents an ounce on the London bullion market to \$325.25 and \$2.10 higher in Zurich at

DANISH Government plans a public flotation of its 50 per cent stake in Kryolitselskabet Oeresund, a

Greenland-based mining group now diversifying into manufac GROUP of eight Australian banks will today launch the first Euro-

Australian dollar certificates of deposit, intended to broaden recent interest in the Australian dollar sector. Page 19 CHINA plans strict controls on motor vehicle imports for at least two

years because a flood of imports has furthered the decline in foreign exchange reserves. Page 5

IBM, US computer manufacturer cut European prices of much of its personal computer range by an average of 15 per cent in a move that will put pressure on competitors to

NORSK HYDRO, Norwegian industrial and energy group, hopes to buy a stake in Sweden's largest oil refinery, Scanraff, from its joint owners, Texaco of the US and Svenska Petroleum and OK of MASSEY-FERGUSON, the Canadi-Sweden. Page 21

INTEL, US semiconductor manu fecturer, is closing one of its two lants in Hillsboro, Oregon, with the loss of 450 jobs and says it plans worldwide layoffs next year unless industry conditions improve.

PEOPLE EXPRESS, US discour airline which recently acquired Frontier Airlines, produced record profits of \$16.5m, up from \$6.8m, in the third quarter. Page 19

WE REGRET that Canadian prices were not available for this edition due to communication problems.

BANKS 'READY TO DEFER LOAN REPAYMENTS'

ITC creditors set out terms for solving tin crisis

BY STEFAN WAGSTYL IN LONDON

THE CREDITOR banks of the International Tin Council last night laid down terms for helping to solve the tin market crisis, in which hundreds of millions of pounds are at

Sixteen financial institutions, which have set up an informal emergency committee, said they were ready to allow the tin council, a price pact between consuming and producing countries, to defer repayment of loans, including interst, for 12 months.

In return the banks are asking the IICs 22 members to support the council with fresh cash and loan guarantees. And they want a positive answer to their proposals by Friday. An emergency meeting of

Bankers last night said their plans were the first concrete proposal to solve the crisis in the tin market which blew up nearly two weeks ago when the tin council announced it had run out of money to continue with its efforts to support tin prices by buying metal on the time to make a positive response."
The banks are concerned that their

tivities owing hundreds of millions efforts to co-operate among themof pounds to its bankers and to met-al brokers on the London Metal Ex-en soon. Some banks are believed

The banks, which are owed be-tween £200m and £300m, have laid The bankers' announcement fol-down three conditions for continu-lows the intervention in the crisis of ing to support the ITC - first, they Mr Leon Brittan, Britain's Trade want the council's producer mem- and industry Secretary, who last bers, which include Malaysia, In- Friday urged fellow tin council tees from the council's 22 members They are keeping the DTI and the for the outstanding loans, together Bank of England informed of their with the interest due over the next moves, but are working indepen-

Lastly, the banks want a public all its existing liabilities will be met. One banker said: "We have underlined to the ITC that there's not a lot of time left. But there's enough

donesia, and Thailand, to pay over members to honour the ITC's debts. to the ITC some £60m (\$86m) promto the ITC some £60m (\$50m) promised in September. Next, the banks up the pressure on member govern are asking for government guaran-ments to meet the council's debts.

dently of the British Government.
The 16 financial institutions instatement from member countries volved include the British banks that they will either give the ITC Hambros, Kleinwort Benson, and "adequate" fresh cash and guaran-tees to support it in future, or else group Algemene Bank Nederland, wind down its operations in an or-Banque Nationale de Paris and derly way with an undertaking that Banque Indosuez of France, Malaysia's Bank Bumiputra, and Malayan

> At the LME, officials had no com-Continued on Page 18 ITC's legal position, Page 32

UK may double asset sales programme

BY ROBIN PAULEY AND PHILIP STEPHENS IN LONDON

THE UK Treasury will be able to go tic assessment of the cash position set sales programme should be at ahead with its spending total of the main financial institutions, least parity balanced by a reduction £139bn (\$290bn) for the financial and confidence has been further in the planned level of public year beginning next April only by year beginning next April only by more than doubling its programme of asset sales and reducing its contalking of the possibility of asset

sales bringing in closer to £5bn than the £2bn pencilled in this year's budget. Among the state-owned industries to be privatised next year are British Gas, British Airways, the

Royal Ordnance factories, and the National Bus Company.

The Government will also receive a third instalment from its sale of British Telecom, although the lanned sale of the British Airports Autority may be delayed until the following year. The receipts from British Gas will probably be staggered over three years but the exact

ze of each instalment has yet to he decided. Ministers' confidence that a huge privatisation programme can be managed has been encouraged by the Treasury's decision last month to drop its policy of selling gilt-edged securities to contain the growth in the money supply.

creased public expenditure through asset sales. The proceeds of privatisation are classified by the Government as

negative public spending rather than revenue, so that the planned expenditure total of £139bn next public expenditure plans, a key part ments.

mental outlays are likely to be higher by roughly an equivalent amount compared with the last forecast in the Government's medium-term financial strategy. The Treasury is expected to

argue that this is not reflationary because spending in real terms will be roughly unchanged from previ-ous plans. The increase in cash flation than expected. Some of Mr Lawson's advisers,

In the longer term, an additional There may be a debate within the off asset sales and reducing its cur-tingency reserve by at least filbu.

Treasury, however, on the econom-ic implications of financing in-three years if Mr Kenneth Baker, the Environment Secretary, wins his battle to increase spending on

Mr Baker is the main outstanding obstacle to agreement on future year understates the actual level of of the Autumn Statement that the spending by government depart ments.

Chancellor is hoping to make next Tuesday if the problems with Mr An increase in asset sales of £3bn Baker can be solved in time, togethto £5bn would imply that departer with some loose ends still to be mental outlays are likely to be high-agreed with Mr Norman Fowler, Social Services Secretary.

> Mr Baker is asking for an extra £800m to be added to housing expenditure by local authorities in 1986-87 and an extra £800m in each of 1987-88 and 1988-89.

The extra money would be excluous plans. The increase in cash sively for improvements and renoterms reflects the higher rate of invations to the public housing stock and Mr Baker is backing his argument with a survey that shows councils' housing in need of at least

however, appear to believe that councils housing in such a rapid acceleration in the as-Massey Ferguson halts output at combine harvester plants

an farm equipment and industrial engine maker, is suspending production at its combine harvester plants in Toronto and Brantford, Ontario, in the wake of a continuing decline in the North American market.

Massey said yesterday that wide combine harvester sales in the US and Canada fell by 20 per cent in the first eight months of the year. Sales had plummeted from a peak of 41,600 units in 1979 to 14,800 last year and this year's total was estimated at between 10,000 and 11,000.

The closures will affect 1,325 workers at the two plants, Massey's

only combine harvester manufac- value of combine harvesters, profit turing facilities. The company said margins are normally among the market conditions would determine highest in the farm equipment

of the same plants for four months withdrawing from the market. In shutdowns were extended. The slump is one of the major

ery. A US\$8m loss in the combine narvester division contributed to a net loss of \$5.9m, for the three months to July 31. . The division's revenues dropped to \$86.7m in the six months to July

31 from \$135.9m a year earlier.

Because of the relatively high

do-it-yourself economics . 17 Survey Section III

Massey officials have said that Weak demand forced the closure the company has no intention of an effort to improve capacity utilisation at the Brantford factory, Massey earlier this year bough drags on Massey's financial recovels of rotary combines from White Farm Canada, following its

Mr Victor Rice, chairman, said at the company's last annual meeting in June that the problems in the combine harvester market "demand patience, and a lot of it."

Craxi looks for **Communist** help over budget

MR BETTINO CRAXI, Italy's Socialist Prime Minister, yesterday appealed indirectly for help from the Communist Party to get the 1986 budget and other urgent eco-nomic measures through Parliament by the end of the year.

In a self-assured and combative speech to Parliament that marked the end of the political crisis caused by his resignation on October 17 Mr Craxi said he hoped there would immediately be "a more direct and more constructive dialogue" with

the opposition. Because the principal opposition to the Craxi Government comes from the Communist Party - the second largest in the country after the ruling Christian Democrats -Mr Craxi's appeal can be seen as an attempt to consolidate relations with the Communists that, after years of bitter hostility, improved dramatically when he confronted the US Government in the aftermath of the Achille Lauro

hijacking. Mr Craxi said a wide consensu was needed not only in foreign policy, but also in domestic and economic affairs.

The Government, having lost nearly four weeks as a result of the political crisis after the hijacking has an urgent need to get the bud-get for next year approved by December 31. Up to now, the Commun ists have opposed budget measures that would cut subsidies and raise charges in the welfare field.

Mr Craxi told the Chamber of De-

puties that the row between the US and Italy, which broke out after the US diverted the Egyptair airliner carrying the Palestinian hijackers to the Nato base at Sigonella in Sicily, had now been patched up. In the course of discussions with

the US. Mr Craxi said: "I said that Nato bases in Italy can only be used by our allies for the objective of the Alliance and in conformity with exsting agreements." Mr Craxi devoted most of his

speech to foreign policy and the policy of trying to bring the Palestine Liberation Organisation to the ne-gotiating table. But he said the PLO had shown it could not control all those who said they belonged to it. We now face a deterioration of the whole Middle East situation

which involves the PLO and raises the question of its behaviour and its pasic objective. "I think the PLO owes us an exolanation which I am sure it will

vant to provide." Mr Craxis denounced as "disinformation which enjoys the status of holy truth" suggestions that Italy

continued on Page 18 Group of Five leading industrial

Soviets attack Reagan over TV interview

BY PATRICK COCKBURN IN MOSCOW

viet leader, sees Mr George Shultz, the US Secretary of State, in Mos-cow today in a further effort to find common ground between the US and the Soviet Union before the summit meeting in Geneva in two questions."

Ronald Reagan, its first with a US leader for more than 20 years, but accompanied it with a harshly

the eyes of its West European allies. and prevent it in space."

Mr Shultz, who is leading a team "The United States has no tricks Security Adviser and Mr Paul way," Mr Reagan added.
Nitze, the President's arms adviser,
had started discussions with Mr EdReagan's answers showed that he

contents of the talks, but the Soviet dent's proposals on arms reduction, SDACE ATMS."

The four Soviet journalists who

MR MIKHAIL Gorbachev, the So-day's Izvestia that Mr Reagan, having answered five questions they had submitted to him in advance "allotted us only 30 minutes for a conversation and we were not able to ask him even a third of our

Equity markets

boundaries, Page 16

leap the

week's time.

As part of the pre-summit buildup, the Soviet press yesterday published an interview with President
lished with Preside In the interview Mr Reagan's bid pledge he has yet given not to de-ploy new space defence weapons until offensive nuclear weapons are "eliminated."

worded commentary. Explaining the US approach to This said that the President only the arms negotiations, he said. Explaining the US approach to lead-up to the Geneva meeting and to improve Washington's image in the eyes of its West Farrage and the syst of its West Farrage and

Mr Shultz, who is leading a team The United States has no tracks of senior US officials, including Mr up its sleeve, and we have no desire Robert MacFarlane, the National to threaten the Soviet Union in any

uard Shevardnadze, the Soviet For- has "a vision of the world through eign Minister, after he arrived in the eyes of an American conserva-Moscow yesterday. tive.*

Neither side would disclose the The paper said that the Presi-

newsagency Tass said they had fo- presented by US negotiators in cused primarily on "nuclear and Geneva last Friday, would give a Continued on Page 18

interviewed the President in the White House complained in yester-

Pöhl denies bid to raise interest rates

BY JONATHAN CARR IN FRANKFURT

THE West German Bundesbank countries in New York in has firmly rejected any idea that it September. might be trying to push up domestic According to these rumours, the interest rates to strengthen the US agreed to try to keep down its D-Mark against the US dollar on interest rates while other countries

Karl Otto Pöhl, noted yesterday deficit. that "according to press reports" the Japanese had sought to raise their interest rates and so boost the such suggestion had been made at

contrary, he hoped that the recent thanks to a consistent monetary upward trend in domestic capital policy, cuts in the public sector budmarket rates would soon be re-

Mr Pohl's comments come amid market speculation that an "international interest rate deal" was

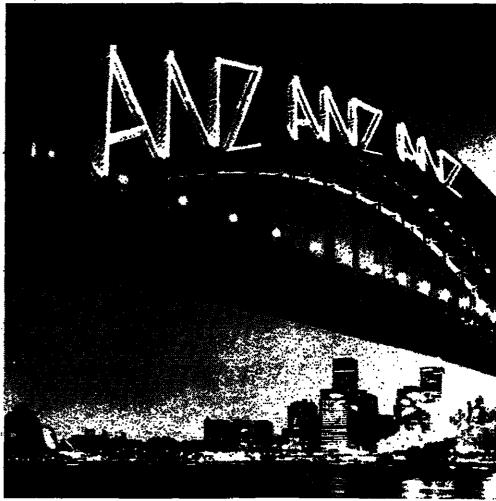
foreign exchange markets.

The central bank's president, Mr dollar and correct the US trade to raise But Mr Pöhl stressed that no

the New York meeting and he I want to say quite clearly that would certainly have rejected it if it this is not the policy of the Bundes-bank," Mr Pöhl told a conference of West Germany had "earned" a tax officials in Frankfurt. On the relatively low interest rate level -

> get deficit and moderate wage accords, Mr Pöhl said. This was a key element in the country's steadily strenghening economic recovery and there was no

> > Continued on Page 18



ANZ & GRINDLAYS OPERATE A NETWORK SPANNING 45 COUNTRIES

ing Circup with its acquestion of the UK Jaised Grindlays Bank, has established a termidable presence on the international hanking scene with Group assets of over USD30 billion. An asset base that stuns

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offices in 45 commes.
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mess base in most of the major regions of the globe and the crowing diversity of its wide range of services. ANII and Gundlays, A toxic span-

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Minerva House, Montague Close, London SELVDH Tel: 01-378 2121 Th:: 88504375 GRNDLY G BRANCHIS AND OFFICES IN A AUSTRALIA O AUSTRIA O BAHDAMANO BAHDAM O RANGLADOSH O BRAZIL O CANADA O CAMMAN BARDES CHANNEL IN ANDS COLOMBIA O FACIANDO HIGHARD FARM FARM AND CHANGO E RAZELO CAMARI BARDES CHANNEL IN ANDS COLOMBIA O FACIANDO HIGHARD FOLI RIMAN O CHANGO E MONACO E NEW JALAND BRESINA O BARN O FARM O REPAR O KINKA O REPÚBLE O KOREA O MALANDO MIXIO O MONACO E NEW JALAND REBRIA O CMAN O PARISTANO PAPA AN W CAINLA O CALAR O MONACO E MENACO E MONACO E NEW JALANDO SEL LANKA O SWILZIRLAND O JAWAN O COANDA O CHILD ARAB E MARIELE O CHILD SIARES OF AMERICA O VANCAU ZARRIO ZAMBA O ZIMBARBA

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Equity markets: leaping the Technology: profits harder to Reith lecture: case against Sweden:

economy; China 16 of a cashflow crisis 25

BY LESLIE COLITT IN BERLIN

GTTO VON BISMARK, founder of the German Reich, has joined Martin Luther and Frederick the Great as part of East Germany's new historical heritage.

All of them were rejected as bourgeois and thus recationary until a few years ago when East to challenge to challenge "monarchic Prussian revolutionary."

West Germany's claim on most of German history.

The first Markist biography of Bismarck has appeared in East Germany — and West Germany as well — and is showing all the signs of becoming a best seller in both parts of the former Reich. Only days after appearing in East Berlin the first priming sold out and a second one is due before Christmas.

Written by the East German historian, Dr Ernst Engelberg, the book describes Bismarck as a man who staged a "revolution from above" by smashing that he achieved a reconcilia- his light the feudal alliance of German tion with Czarist Russia which highly princes and creating the North the East German leadership has ality.

tionary."

The biography has been hailed in a review by the main Communist newspaper Neues Deutschland which said in a headline: "Realistic life portrait of the native Prussian and founder of the Reich." Until recently, virtually everything connected with the Prussian state was condemned by East Germany which straddles a good Germany which straddles a good part of former Prussia which was dissolved in 1947 by the four wartime allies.

One factor which may have helped the Bismarck revival is



Bismark: new biography

been urging West Germany to emulate with Moscow. Some West German reviewers of the biography note that the author apparently became so fond of Bismarck in the 20 years it took him to complete the book that he failed to interpret his life's work or to analyse his highly contradictory personRAINBOW WARRIOR TRIAL CAUSES SATISFACTION IN PARIS

NZ expected to expel two French agents

THE FRENCH Government was trial risking to turn the sovisibly satisfied yesterday with the outcome of the trial in into a new political captain of two French secret service agents involved in the sinking of the Greenpeace flagship "Rainbow Warrior," in which a photographer died.

Captain Dominique Prieur and Commander Alain Mafart both pleaded guilty after the charges were changed from murder to manslaughter. The court will sentence them on November 22. They face a maximum prison sentence of 14 years each. However, it is of serious bungles by the widely expected that they will be expelled from New Zealand.

The French Government the socialist administration had been seek into a new political controversy land to prepare the sabotage mission. The Rainbow Warrior was blown up by another team of French agents. Mr Paul Quiles, the Defence Minister, renewed his public support for the two agents by telephoning on their behalf.

After the act of blowing up the ship but had been sent to New Zealand to prepare the sabotage mission. The Rainbow Warrior was blown up by another team of French agents. Mr Paul Quiles, the Defence Minister, renewed his public support for the two agents by telephoning on the two agents by telephoning the two agents by telephoning the two agents by telephoning on the two agents by telephoning on the two agents by telephoning the two agents by telephoning the two agents by telephoning on the two agents by telephoning on the two agents of the two agents of the two agents of the two agents of the t November 22. They face a maximum prison sentence of 14 years each. However, it is widely expected that they will be expelled from New Zealand. French lawyers of the two agents indicated after the proceedings on Monday that French and New Zealand diplomats were likely to necotiate mats were likely to negotiate their return to France.

The change of charge from murder to manslaughter and the French guilty plea has curtailed what could have become a long and complex of the promise.

Before the hearings on Monday in Auckland, described by a large part of the French Press two agents who, it claimed, had yesterday as a "coup de become a long and complex not been involved directly in théâtre," the Socialist govern-

The French Government has

been negotiating actively with New Zealand in recent weeks to resolve the conflict caused by the Rainbow Warrior's sinking. Both have increasingly appeared to be seeking a compromise.

New Zealand authorities also apeared to have been keen to avoid intensifying the conflict. This was particularly so be-cause bad relations with France

could have threatened New Zealand's economic interests with the European Community.

Before the hearings on Monday in Auckland, described by

ment had already managed, to a large extent, to smother the affair in France.

The opposition parties have also felt uncomfortable about the affair because they have not wanted to undermine France's nuclear interests or alienate the armed forces. None the less, this has not prevented them from repeatedly attacking the Government for its handling of the affair.

Dai Hayward adds from Wellington: Mr David Lange, New Zealand's Prime Minister, New Zealand's Frime Minister, was adamant yesterday that his government had not been involved in the decision to reduce the charges against the French agents. Discussions on possible compensation to New Zealand were still proceeding in New York, he said, and could also consider the agents' future.

The change in charges caused confusion and surprise yesterday among the 170 journalists crammed into the court and an radjourning room to report the trial. There had been angly confrontations the day before between some of the eight international TV crews and court authorities over the handing of courts.

court authorities over the banning of cameras. Local Greenpeace officials were also critical of the reduced charges. In a brief address to the rount, the Crown Prosecutor Mr Paul Neazor described how accreal teams of French Secret service agents came to New Zealand as part of an alaborate scheme. part of an elaborate scheme to disable the Rambow Warrior and thus stop it taking part in an anti-nuclear protest voyage to the South Pacific island of

Mururos.
At least four separate secret also consider the agents' future.

At the time of their arrest, ing in New Zealand, he said, and contributed to the bombing request that they be repatriated to France. He said then: "There will be no deals."

At least four separate secret service groups had been operation in New Zealand, he said, and contributed to the bombing and sinking of the vessel in which a Portuguese crew member died.

Paul Betts interviews one of France's former industrial leaders who is trying to rebuild his shattered business life

BARON EMPAIN, or simply alised Compagnie Generale the Rue d'Anjou as he became d'Electricite and an arch rival known when he ran the French of Empain-Schneider and from Empain-Schneider industrial there he runs a barter trading conglomerate from its head-business. He deals with every quarters in the eighth arrondiscentific and of commodities from oil to confide. After his sensational kidnapping in 1978—he was held for 63 days and had one of his fingers cut off—there was the Eduard Empain, his grand-equally sensational scandal that father and the Belgian entre-

followed. His private life was preneur who built up the Em-exposed all over the French pain fortune and industrial empress. France was shocked and pire, constructing railways in titillated to discover that one of the then Congo, in Egypt where the country's leading industrial he also created the suburb of barons was a poker player. He still is and has now started a and France where his Electro-new business career and decided rail company built the Paris to put on record his side of his metro, among much else. extraordinary story in a book called "La Vie en Jeu" or "Life impression that the general who at Stake."

He sold his controlling shares Heliopolis, where my father his conglomerate to the Jean is also buried and where

Some more modest offices an unusual figure for a businesshave been rented in the Avenue man. "It is not my fault but it "They (the Government) boiling water system licensed could have stopped me if they and became the name of a wanted. All they had to do was ing group owned by the national of the system licensed boiling water system licensed boiling water system licensed wanted. All they had to do was ing group owned by the national of the system licensed boiling water system licensed boiling water system licensed boiling water system licensed wanted. All they had to do was ing group owned by the national of the system licensed boiling water system licensed boiling water system licensed boiling water system licensed was successful that I lost my identity and became the name of a street in Paris. It was a good to buy me out. I would have sold to manage the day-to-day busi-

is buried in the family tomb at Banque Parihas three years ago
I hope to be buried, is up there
and cut all links with the Empain-Schneider group which, he
says, he tried to turn into "a
French multinational."

I hope to be buried, is up there
looking at me," says Baron
Empain, who is called Edouard
and Jean after his grandfather
and father. Aged 48, he still cuts

Empain deals himself a new hand

French industrial patron. I am also Belgian."

The Baron acknowledges that he decided to write his story because he wants to "rehabilitate" his tarnished image. He was never liked by the French establishment nor the administration the administration the administration to a content of the property of the group which was never liked by the property of the property of the group which was employing 130,000 people by the late 1970s. He saw himself as an empire builder. "I liked building up the group and the business to his managers, "I save, "Ternah establishment nor the bankrupt. French establishment nor the administration. He admits he was an adventurer "in the best sense of the word," thirsty to expand his industrial empire, After seizing control of the Empain group from his uncle who also became his stepfather "In the succeeded and gained who also became his stepfather who also became his stepfather "In the nuclear energy who also became his stepfather "In the nuclear energy who also became his stepfather who also became his stepfather "In the nuclear energy who also became his stepfather who also became his allowed his managers. "In wanted to be the Queen of England who rules and my mitted to turn his group, managing director was the prime minister who governs."

The group wanted to be the Queen of England who rules and my mitted to turn his group, managing director was the prime minister who governs."

The group wanted to be the Queen of England who rules and my mitted to turn his group, managing director was the prime minister who governs."

The group wanted to be the Queen of England who rules and my mitted to turn his group, managing director was the prime minister who governs."

The group has a stantage of the prime minister who governs who also became his stepfather who also became the prime minister who governs when a stantage who also became lea

Empain group from his uncle who also became his stepfather ("my family is a bit like Dallas. My stepfather or uncle was depossessing me"), he launched a bold takeover bid for Schneider, one of the most venerable institutions in French heavy industry.

leader in the nucle when field. He succeeded and gained a monopoly in France when Empain-Schneider, through its control of Framatome, was chosen for its pressurised water Schneider, one of the most venerable institutions in French heavy industry.

leader in the nucle when Belgian Empain, the French administration, and various French industrial clans — and Baron Empain became a referee in the Rue d'Anjou.

"I tried and succeeded in becoming invisible. I was so successful that I lost my identity and became the name of a



Empain: another chapter

collaborators especially in negotiations with the Government and it preserved my private life. I could go out in the Champs Elysees and have a coffee and no one knew who I was. At night I could be with my friends, in jeans or playing poker, and no one knew. It worked for 12 years."

He would have liked to take

the group into some consumer businesses. "But my people regarded that as something beneath a heavy industry group like ours." As for Creusot Loire, he says the company was

always unmanageable. Creusot-Loire has now become a cause celebre following its set the record straight. Before bankruptcy — the largest ever writing his book, he had to

in France — last year. Baron Empain, who was by then out of the group, believes it could probably have been avoided. But he feels that Mr Didier Pineau-litation process. "But only a litation process. "But only a few people heard what I said in ghis book — published this quately to prepare his battle The Baron's life, as he describes in his book, was shattered by his kidnapping. But "I have been touched by the

describes in his book, was shattered by his kidnapping. But the physical torment he experi-enced was not the worst part. It has been shown to me. All I was the fact that, unknown to really wanted to say was that him, his private life which he I am no monster, as was written had succeeded in keeping secret even from his closest business but a perfectly ordinary human sides, suddenly became exposed.

"I became the playboy, the monster, Dr Jekyll and Mr Hyde, and I did not know anything about it." When he was finally released (the ransom was never paid), he was not greeted as a hero but as a villain.

For a while he went into a kind of voluntary exile in the U.S. His wife left him. He then decided to return and take over "It was too early," he says.
"The company was traumatised and the people in it under shock after my massacre by the Press. I was still too weak. To make a go at a come back, I would probably have had to fire 40 top managers and I couldn't

do it in the state I was then. I would be able to do it now." When it became clear that he was unable to control the run-ning of the group, he threw in the towel. "I think I am a sportsman, I am a good winner and a good loser."

However, he also wanted to

That is an understatement to say the least. Baron Empain is more and more assuming a romantic image that combines business baron with a touch of James Bond.

"I have been touched by the

STEN.

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EUROPEAN NEWS

UK urged to lead fight against EEC national barriers

BY QUENTIN PEEL IN BRUSSELS

LORD COCKFIELD, British vice-president of the European vice-president of the European Commission, yesterday launched a starecty-veiled attack on his former colleagues in the British Government, for their resistance to strapping all frontier controls in the EEC.

He condemned member states for seeking to pick and choose which parts of the single common market they were prepared to support, and called on

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pared to support, and called on the UK to lead the fight to remove all remaining national barriers by 1992.

In an outspoken speech to the Association of European Journalists in London, Lord Cockfield made no secret of his irritation with the attitudes in Whitehall to rapid progress in abolishing remaining national barriers to the EEC-wide market.

part of his attack on the oppopart of his attack on the opposition of member-states to scrapping physical controls at frontiers, in which the UK has led the resistance.

Enlightened self-interest in British trade, industry and economic success dictated that the British Government should be a self-interest in British trade, industry and economic success dictated that the British Government should be a self-interest in British trade, industry and economic success dictated that the British Government should be a self-interest in British trade, industry and economic success dictated that the British Government should be a self-interest in British trade, industry and economic success dictated that the British Government should be a self-interest in British trade, industry and economic success dictated that the British Government should be a self-interest.

"We convince ourselves— the European Commission pro-without much evidence to sup-port it—that it is our well-market by 1992.

EEC Development ministers last night gave broad approval to an Ecu 100m (£59m) European Commission plan to supplement food aid to eight drought-hit African countries with a general rehabilitation programme, writes Ivo Dawnay in Brussels.
They held back, however, from committing a further Ecu 100m from their own treasuries until the details of the programme are fully analysed.

The programme aims to create a permanent supply of emergency resources in the afflicted countries and to fund the restoration of basic rural infrastructure.

market manned island frontiers that
"National administrations keep terrorists and drug pedlars
have an inbuilt resistance to
change which can wear down
"Heaven forbid that this" even the most determined heads of government." he declared, in apparent defence of Mrs Margaret Thatcher, Britain's Prime Minister.

Lord Cockfield focused a key freely on their lawful business."

The seven forbid that this indicates the support of affairs should be upset by anything so crude as integrating Britain with Europe, or abolishing our frontier controls so that people can move freely on their lawful business."

lead the battle in support of

Eureka link-up proposed BY DAVID MARSH IN PARIS

FINANCIAL TIMES

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FRENCH, ITALIAN and Swiss tions on technology collabora-companies are planning to pool tion for which Europfun companies are planning to pool expertise in laser-based factory

tricite, the French nationalised in both carbon dioxide and electronics and energy group, solid-state "Yag" lasers. An said yesterday it was teaming up with Fiat of Italy and SMH of Switzerland in automated manufacturing systems making use of both robotics and laser

The project has been put forward as one of many suggest fibres.

industrialists will be seeking production in the latest example of co-operation under the Eureka programme.

Compagnie Generale d'Elec make use of specific innovations

automated factory using lasers, proposed under the project, would use robots to carry out laser assembly work and to transport material around the plant, controlled by a com-puterised system using optical

Special Subscription HAND DELIVERY SERVICE of the

> items on the agenda.
>
> The US is interested in seltling the Cyprus problem

German Jews

A PROMINENT West German Jewish leader appealed yesterday to Mr Walter Wallmann, Mayor of Frankfurt, to ban the showing of a Rainer Werner Fassbinder play, saying it "contradicts the spirit of reconcilia-AP reports from Frankfort.

The premiere of the play, "Der Mill, die Stadt und der Tod" [Garbage, the City and Death], was cancelled last Thursday after Jewish ticket holders occupied the theater stage. They said the production was anti-semitic.

warning for Danes

Current

account

By Hillary Barnes in Copenhagen

DENMARK'S current balance of payments will continue heavily in deficit in 1986, Mr Erik Hoffmeyer, National (central) Bank governor said in an interview published in Copen-

hagen yesterday. He called the country's growing indebtedness "dangerous" and said it was fantastic that the foreign debt should continue

to rise.

He predicted that the current account deficit will be about DKr 21bn-22bn (£1.4bn-£1.5bn) about 3; per cent of GDP—in 1985, and about DKr 20bn in 1988.

He called for fiscal measures to curb the growth of private consumption, which, he said, was the only feasible approach to the current account problem in present circumstances.

to the current account problem in present circumstances.

Denmark's net foreign debt by the end of this year will be about DKr 240bm, or almost 40 per cent of GDP.

"The growing indebtedness is dangerous," said Mr Hoffmeyer. "When you consider that the net foreign debt per inhabitant is DKr 45,000, it is fantastic that it goes on."

With the current account deficit continuing to increase deficit continuing to increase at its present rate, exports of manufactures need to increase by DKr 4bn a year just to keep up with interest on the debt-

colossal burden to place on

Cyprus peace effort discussed

THE CYPRUS President, Mr Spyros Kyprianou, is in Athens for talks with the Greek Government on recent contacts with senior United Nations and US officials involved in peace efforts for the island.

Mr Kyprianou was expected to relay the results of a meeting in New York last month with Mr Javier Perez de Cuellar, the UN Secretary General, who is directing an initiative to establish a two-zone federal republic-in Cyprus with the backing of

Washington and London.
The Greeks will tell Mr
Kyprianou about talks here last
week with 'Mr- Michael- Armacost, US Under secretary of Slate for Political Affairs in which Cyprus was one of the

order to improve relations be-tween Greece and Turkey on Nato's south-eastern flank.

seek play ban

for yesterday but city officials later announced it would not take place until November 13 to allow for a cooling-off period." Officials stuck to plans for a rehearsal of the play on Monday afternoon, solely for the

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European security talks reopen in hopeful atmosphere

BY DAVID BROWN IN STOCKHOLM

THE 35-NATION European document. Security Conference opens its culty of the issues facing the accident or miscalculation forth-coming US-Soviet summit which would go beyond those meeting in Geneva the relacontained in the 1975 Helsinki tively tractable Stockholm regotiations are seen as the most likely area for an early month indicated Soviet willing-timer-move acceptance of the statement superpower agreement on arms

control. During the seventh session of the conference several import-ant concessions led to a break-

Since January last year the eighth session here today to conference has been negotiations on ing so-called confidence-building ways of reducing the risk of measures (aimed at reducing war in Europe. Given the diffithe risk of war breaking out by

ness to negotiate procedures requiring both Nato and the Warsaw Pact to give annual advance notice of military manoeuvres, an idea which was through in negotiating proce-dures which will ease detailed arafting work on a concluding informally dropped its insist-

MR RUUD LUBBERS, the Dutch Prime Minister, has accepted an invitation for talks in Moscow with Mr Mikhail Gorbachev, the Soviet leader, writes Laura Raun in Amsterdam. The invita-tion came just before last week's decision by the Government to deploy 48 US cruise missiles on Dutch soil, but the Soviet ambassador has made clear that it still stands. The Government

is now awaiting firm proposals on a date and agenda.

In the meantime, a Dutch-US accord on the missiles was quietly signed yesterday setting in motion final preparations for their deployment.

measures such as mutual renun-ciation of the first use of nuclear proposals focus on such mea-neutral and non-aligned partici-

was described in relatively glowing terms by both sides at the end of the last session. several difficult issues remain to be solved. Among these is the Soviet desire to add independent air and sea movements to the land-based exercises which would be notified in advance. This has been rejected by the US as an attempt to extend the mandate of the talks.

ence on various declaratory non-use of force in the context hangs over the shape of a long measures such as mutual regular. neutral and non-aligned particiweapons and a European ban on chemical weapons in excess a sadvance notification of pants who have found it more change for Nato's willingness to discuss a general agreement on the military movements, observation procedure.

Although the state of the talks

Soviet weakness shows in commodity shortages

BY PATRICK COCKBURN IN MOSCOW

A SHORTAGE of bandages in So- 60 per cent satisfied and for cotton viet hospitals and chemists' shops has highlighted the continuing weakness of the country's industry.

This year only 1.5 per cent of demand for sterile bandages is being met, according to the daily newspa-per Izvestia. The figure for first-aid dressing is 29 per cent, and for regular bandages 81 per cent.

The Light Industry Ministry, responsible for meeting the needs of the Health Ministry, blames the shortage of bandages on "the lack of industrial capacity to produce them and insufficient capital

wool 64 per cent. The shortage of such a key com-modity as handages underlines the difficulties facing the Soviet Gov-

ernment in raising the quality of consumer and light-industrial goods. A programme for increased production of consumer goods, pub-lished this month, contains few new ideas other than promises of higher production and more attention to consumer demand.

Izvestia says that despite the committee's detailed recommendations, nothing has been done. It adds that the two ministries spend much of their time bickering about which was responsible for the By 1990, under current plans, de-shortage in the first place instead of mand for medical gauze will be only producing more.

Luxembourg satellite TV bid

LUXEMBOURG - From a remote rural hilltop, Radio Luxembourg (RTL) has broadcast a constant television and radio diet of music, news, sports and quiz shows to Europe for more than 50 years, halted only during the country's Nazi

occupation.

But as the race hots up for Europe's 310m strong television audience - and the lucrative advertising to service in the middle of next revenue – the tiny Grand Duchy year. has decided to take to the skies in a Bot bid to become the television capital

of Europe. A new company founded in Laxembourg in March, Société Euro-péenne des Satellites (SES), has just announced it is buying a 16-channel satellite from RCA Astro-

programmes at most of Europe communications that were allotted

apart from the continent's fringes, to Luxembourg by the European to anyone with a one-metre antenna costing as much as a video "At the time, we thought it was

ment's TDF-I satellite, due to go in- ly to sell to viewers.

Both SES and RTL declined to comment on their plans. But the Government is enthusiastic, aware that with a tax bill of 1.7bn Luxembourg francs (\$30m) last year, CLT is already the biggest taxpayer in

the state. channel satellite from RCA AstroElectronics for a 1987 launch. The project got off the ground in ment and SES was set up with cost of the satellite alone is put because S40m and \$50m.

The satellite bought off the shelf in one tween \$40m and \$50m.

The satellite bought off the shelf in one two Luxembourg state-owned to the satellite bought of the shelf in one two Luxembourg state-owned to the satellite state of the satellite bought of the shelf in one two Luxembourg state-owned to the satellite state of the satellite satellite states and satellite states are satellite from RCA Astro
The project got off the ground in ment and SES was set up with backing from French, Danish, Swedish and Belgian investors and two launch are satellite s The satellite will be able to beam of three orbital positions for tell-

mad," said Mr Zimmer. The fears Radio Lacembourg's parent com- were that a satellite using the telepany, Compagnie Luxembourgeoise communications orbit would need a de Télédiffusion (CLT), is also much bigger antenna receiver than strongly in the running for two a direct broadcast satellite, already channels on the French Govern-spurned by CLT, making it too cost-

> But advances in technology mean the SES satellite needs only a slightly larger antenna, around a of the heavier satellites.

The Whitehead plan failed last year to gain the European financial backing insisted on by the Govern-

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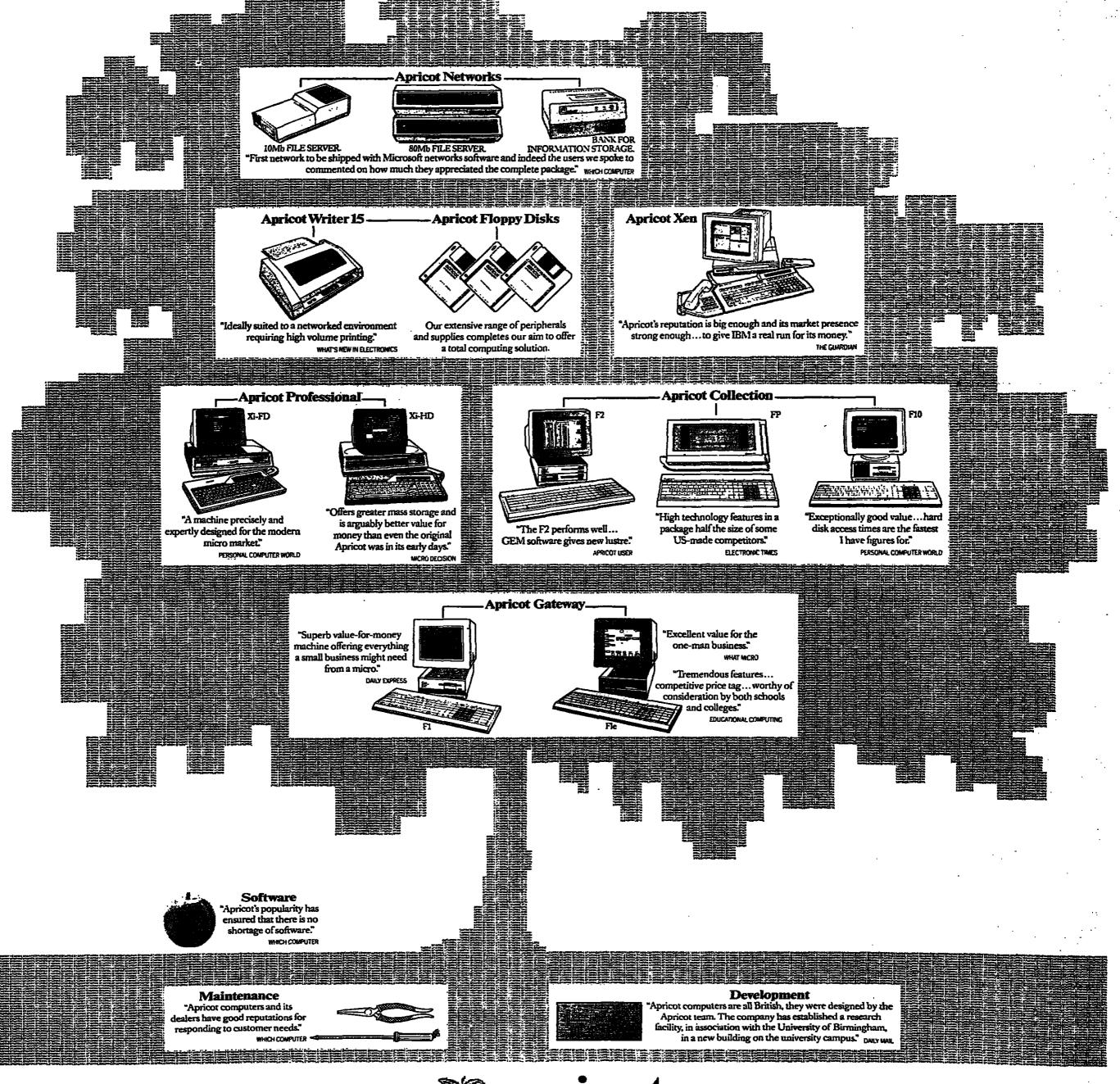
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Control

Data poised

By John Elliott in New Delhi

CONTROL DATA Corporation of the US has emerged as the

potential winner of a major

public sector computer deve-lopment contract worth more

than \$30m (£21.4m), following

a pace-making decision by the US Government to fend off a rival bid from Bull of France

Negotiations which started more than a year ago between

the Department of Electronics and CDC finished at the

weekend.
The US company is expected to be awarded the contract subject to the approval of the lindian Cabinet which has to give assurances that the computers will not be used for

developing nuclear weapons

After months of hesitation, the US Government has given

an export licence for the project, subject to the final assurances. It has also demon-

strated its growing interest in helping India develop high

technology products by agree-ing for the first time to give the aid from its economic supply fund.

This decision is likely to be

followed with similar support for other bids from the US and

for other bids from the US and is believed to be a direct result of the softer line now being adopted by the Reagan Administration on financial support for foreign projects.

The contract is important because it covers technical collaboration with the contract of the collaboration with the collaboration with the contract of the collaboration with the collaboration of the collaboration with the collaboration of the collaboration with the collaboration with

oration with the Government-owned Electronics Corporation

with \$7m of financial aid.

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Peking to put curb on motor imports for next 2 years

BY ROBERT THOMSON IN PEKING

THE CHINESE Government has indicated that motor vehicle imports will be strictly controlled for at least the next two years, following a flood of imports this year which con-tributed to the slump in the country's cherished foreign exchange reserves. reserves

China has already introduced an import regulatory tax, lifting import duties on cars by 80 per cent, and forced govern-80 per cent, and forced government departments to curtail vehicle purchases. Now, the People's Daily has indicated that special permission will be required to import cars in the next two years.

Figures published by the paper put vehicle imports in the first quarter of this year at 27,461, up from 2,889 in the same period last year.

The huge increase in vehicle and other imports late last year and early this year was responsible for the fall in exchange reserves from \$16.3bn in October last year to \$11.3bn at the end of March this year.

The controls on vehicle im-

The controls on vehicle imports are part of a generally tighter import policy, which has included the introduction of legislation requiring all technology import contracts to be approved by the Ministry of Foreign Economic Relations

and Trade, whereas provincial authorities previously had the nower to finalise such contracts As a senior official of the China International Trust and Investment Corporation (Citic) explained: "The thing for China now is to balance foreign exchange." The over-importation of passenger cars was only one example of poor allocation of foreign exchange."

of foreign exchange.
The official indicated that unless China succeeded in its alm of increasing export income, imports would have to

Fuji close to signing China colour print pact

By David Dodwell, recently

he reviewed as the country would have limited ability to pay for products with its exchange reserves. FUJI, the Japanese film manufacturer, is close to signing an agreement with China's provincial government in Guangdong to set up a \$150m plant to make paper for colour prints and colour film.

The agreement comes after three years' halting negotiation, during which the Japanese com-pany was reluctant to sell to China the technology necessary to make the film products. A breakthrough came early this year when Kodak of the US reached agreement with the Government of Xiamen, in

actually disapproved of import agreements reached by provincial authorities.

Asked for an example of a nearly-completed contract which would not proceed. Zheng cited the case of an automobile import agreement in which "we found the price was too high and we disapproved."

All contracts already in nearby Fujian province.

Mr Xu Feng, vice president
of the Guangdony International Trust and Investment Corpora-tion (Gitic), noted in Canton:
"Fuji realised that if they did not sell their technology, the US company would win a very strong position in our domestic All contracts already in effect would be honoured but he clearly stated that the Government was taking a much

market. Fuji has, nevertheless, refused to make any equity com-mitment to the venture, which will be in Shanton, south of

Agreement on the colour paper plant was reached in July, while agreement on the film plant is expected later this month when a top-level delega-tion of Guangdong officials visits Japan.

The venture will be 50 per rne venture will be 50 per cent-controlled by the Shantou Photosensitive Materials Com-pany, and 50 per cent by Gitic. Each will invest \$10m, with the remaining cost of the plant being covered by loans.

China's 57th Canton Fair closed yesterday with scant evidence of the export drive pre-dicted by the country's official media. Officials were confidently predicting orders—mostly for export—worth at least \$2.7br (£1.9bn) Paul Cheeseright examines a new transatlantic trade agreement

Steel accord fraught with pitfalls

STEEL-PRODUCING nations of the European Community have started what could turn into a prolonged haggle on whether and how they should accept a new sales restraint agreement with the US that draws nearly all product categories into its

passed up to ministers for final decision. Officials meeting in Brussels yesterday were having only a preliminary look at a settlement negotiated by the European Commission and intended to secure steel trade peace for four years.

Snap reactions to what the Commission had achieved ran along the lines that the overall package was predictable but there could be internal trouble

Burden sharing

This relates to the tonnages which individual companies will be allowed to sell in the US from the beginning of next year onwards. "Burden-sharing" the Community jargon.

Burden-sharing arrangements between the steel companies exist for three of the four sec tions of products covered by the draft agreement — those pro-ducts under restraint since 1982 or which came under restraint last August and those special steel products caught up in unilateral safeguards imposed by the US in 1983.

But the quota arrangements for the 1982 products permit extra EEC sales of 125,153 net tons and for the August products an extra 26,005 net tons. Diplomats are expecting a vizorous negotiation on how the extra tonnages will be split up.
But this merges with the need
to have a whole new burdensharing agreement on the

products for the first time sub-ject to restraint.

THE QUOTAS - EEC STEEL FOR THE US (Net tons) Products under restraint since 1982 1,114,275 Hot-rolled sheet and strip 1.094.980 5.36 9.91 4.29 2.38 3.27 2.20 8.90 21.85 307,718 615,114 Carbon wire rods Hot-rolled bar Coated sheet Tin plate 64,262 88,555 83,467 Products under restraint since August 1985 26,180 183,100 13,552 57,351 21,177 175,431 12,394 57,255 Electro sheet and strig

Products under restraint for the first time	1985	1984	
Stainless wire	6,065	6,800	
Fabricated structurals	19,577	18.240	
Wire strand	32.659	37.884	
Wire rope	8,156	5,700	
Other stainless steel	9,292	12,904	

roducts under restraint when US lifts safeguard measures 7,505 39,147 5,500 9,000 Stainless sheet and strip

residual complaints about the nature of the existing arrange-ments, there could be attempts to use the division of the extra tonnage as a way towards open- could be asked to re-negotiate ing up the wider question. ..

Cold-rolled strip Cold finish and other Bar shapes under 3in Reinforcing bars

The biggest share of the EEC export market in the US is ties are almost certain to taken by German companies, emerge in relations with the US taken by German companies, roducts for the first time sub- France follows and roughly itself. Mr d
ect to restraint. level-pegging in third place are "I cannot ignore the fact," tonne
Because each nation has Belgium, Italy, the Netherlands said Mr Willy de Clercq, ex- year.

and the UK.
The internal problem of burden-sharing is the first test of the agreement—the Commission some points. When that is fin-

ished, however, other difficul-

"that there are a number of clouds on the horizon. Semifinished products are not en-shrined in the new agreement despite the insistence of the US. I cannot exclude he possibilities of difficulties."

The Ten would not permit the Commission to bring semi-finished products into the agreement. In 1984, 800,000 tons went to the US. This year the figure will be higher, as European companies have met the demands of the US industry

Like the earlier restraint agreement, the US can call for consultations if "semi" sales suge. This happened last spring. If these consultations do not lead to sales restraint, European companies could be faced with unilateral US safeguards or anti-dumping actions.

Consultations

There is also provision for the US to call for consultations if sales rise sharply in the only other six products not embraced by the agreement—bound saw steel, galvanised wire fencing. varieties of stainless steel sheet. If the new agreement goes through—and the Reagan Administration in Washington will be scrutinising it as closely as the Ten—then, overall, the EEC position in the US market will be stabilised.

This is in contrast to the effect caused by the narrower 1982 agreement, which led to a 27 per cent drop in shipments shipments of 3.44m tonnes. After that, in response to the strong dollar and heavier US demand for products not sub-

of India to develop the country's first indigenous main frame computer which will give it a major foothold in India's rapidly ject to restraint, sales increased to 4.6m tonnes in 1984. Now Mr de Clercq talks of a 6m tonnes market worth \$2.5bn a

expanding electronics business. The size of the business in-volved will depend on the amount of knocked-down kits and components ordered from the US when manufacturing of the computers begins in India.

Chinese in Iceland smelter talks

Exchange reserves.

In the first three-quarters of this year, China's imports rose 67 per cent, while exports increased by only 2.3 per cent. China's Minister for Foreign Economic Relations and Trade. Zheng Tuobin, said the central accountant was alosely more

government was closely moni-toring the use of foreign exchange reserves and had actually disapproved of import

tougher line on imports.

sation drive.

When considering import agreements in the future, Zheng said, Chinese authorities would take into account

whether the equipment was necessary for China's moderni-

country and it will suffer for a long time a shortage of

Those limited reserves were at their "highest point" last

year, but since then, "had some reduction." He attributed the

decline to greatly increased imports of cars. consumer

The minister claimed that

the exchange reserves, which stood at \$10.852bn at the end of June, have stabilised and

that "in the future, balance of payments will not be a great

goods, and technology.

foreign exchange reserves."

"China is a developing

BY WILLIAM DULLFORCE IN GENEVÁ

THE CHINA National Non-Ferrous Industries Corporation (CNNC) has shown interest in participating in the expansion of the Alusuisse aluminium smelter in Iceland. The project would cost over £100m. It has also been discussing the use of the Swiss aluminium

group's technology in building a smelter with an annual capacity of 220,000 tonnes in Kian pro-

CNNC's involvement in discussions about the Icelandic smelter appear to be one of the first signs of Chinese interest

more primary aluminium for itself in Iceland but recognises the economies of scale which might be realised.

The most advanced project, that in Kian province, has been delayed for archaelogical

It has suggested that a part- reasons-

in investing in Western Europe, ner be found to finance the but an Alusuisse spokesman pointed out that talks were at extending capacity to more than in investing in Western Europe, but an Ausuisse spokesman pointed out that talks were at a very early stage.

The Isal smelter, just outside Reykjavik, has at present an annual capacity of \$8,000 tonnes. The CNNC has been talking to both the Government, and Ausuisse Mr Paul Muller, Alusuisse's former managing director, is continued to the control of the control of

former managing director, is acting as consultant to CNNC eager to exploit its vast hydro-electric prower reserves, wants which has been in contact with to expand the smelter. Alusuisse is not interested in producing companies about the building

for archaelogical

Europe's motor industry warned on Japan threat BY JOHN GRIFFITHS

THE WEST EUROPEAN commercial vehicles industry increasingly has fought back on
both prices and vehicle specifications against challenges

ARMC's forecasts for developfrom Japan, but a more en-lightened approach from Gov-ernments of the countries in-volved is required if European manufacturers are to prosper, according to a new report from Automotive Research and Management Consultants.

"To meet Japanese competition, the European governments must look towards better coordination of financial support

services.
"Without the creation of easier export credit insurances easier export credit insurances at low. and long-term finance at low rates, some corporate activity in Europe may be wasted." The ARMC report provides support for similar measures advocated by Mr David Andrews chairman of the UK's

Leyland Vehicles group.

He pointed out in evidence to a parliamentary select committee that export credits guarantee insurance had become impossible, or very difficult, to obtain in Third World markets which as recently as 1981 had provided Leyland with annual business worth £150m.

Europe, with over-capacity in Leyland Vehicles group.

Europe, with over-capacity in many truck and bus plants, has now become the most competi-tive marketplace in the world, London WC1H 9QJ. £240 p.a.

Danes in attack on

ARMC's forecasts for develop-ments in the US car market also provide backing for the fears about deeper penetration of the market voiced increas-ingly by US industry chiefs this-year. Moller, in the group's in-house by 1990, cars of Japanese origin will account for 4.1m-4.3m units of a total new car market of 10.8m units, or 38-

Some 2.8m of these would be direct imports, the others produced either by Japanese manufacturers themselves in the US or as joint ventures. or as joint ventures.

These figures compare with
2.6m sales of Japanese origin
cars expected this year in a
total market of 10.6m, or 24.5 Mr Lee Iacocca, chairman of

Mr Lee Iacocca, chairman of Chrysler, has warned that when-components are taken into account, the US industry could find that it had "given away" over half the value of its sales by the end of the decade.

*International Automotive Review, 2nd quarter 1985. Automotive Research and Management Consultants, Lynton House, 7-12 Tavistock Square, London WCIH 90J. £240 p.a.

39.6 per cent, the report fore-

Japanese in animal-feed technology deal with UK

BY LORNE BARLING

HYDRODAN, the CorbyNorthants-based company which
manufactures hydroponic containers in which grass is grown
tainers in which grass is grown
the corbytainers the company which
the corbytainers the company which
the company which tainers in which grass is grown for animal feed, has signed an agreement with Nippon Light Metal of Japan for the systems to be manufactured there.

to be manufactured there.

The agreement follows increasing demand for the product in Japan and China and the need to avoid costly transport to the Far East.

It is estimated by the company that up to 50 of the Landsaver units will be sold each month by its newly appointed Japanese agent, the World Trade Corporation, which has sales rights for Japan, South Korea and the Soviet Union.

The units, which produce up to a tonne of grass a day, are being produced at Corby in the Midlands at the rate of around of

feed for alternative animal feeding methods.

Production in Japan, which will include some UK-made parts, will begin next May, and most will be sold in the domestic market, according to Mr.

a \$15m dairy project in central China, and a total of \$2m (£1.4m) has been designated for the purchase of landsavers, Mr

the purchase of landsavers, Mr the plenary Sernational Rad The Middle East has also become a major market and we are looking at two separate proposals for the assembly of landsavers in Egypt to meet this demand."

Norwegian 'protection'

AN ATTACK on what is seen as Norwegian protectionism in the North Sea has been made by the head of the A. P. Møller shipping oil and industrial business, Mr Maersk Mc-Kinney Meller in the groun's inchused

magazine.

APM exploits oil and gas in the Danish sector of the North Sea and is one of the world's biggest private shipping com-

panies.
Although APM has bad 29 ships built at Norwegian yards and has placed other major orders in Norway, he said, "if any of our supply ships—even Norwegian-built seek work for a longer period in the Norwegian area, it is always impossible. In the end the business always goes to a Norwegian ship."

husiness always goes to a Norwegian ship."

Norwegian rigs operate in the Danish sector, but "if we seek employment for Danish rigs, they always quietly let us know that it would be best to find a Norwegian partner.

"While Norwegians have particle of in major installation.

while norwegath have par-ticipated in major installation work in the Danish sector, Odense shipyard (owned by APM) cannot even get hold of the material for tendering for Norwegian modules," he

APM had always had good relations with Norway, as had Denmark itself. "But the cup has become bitter."

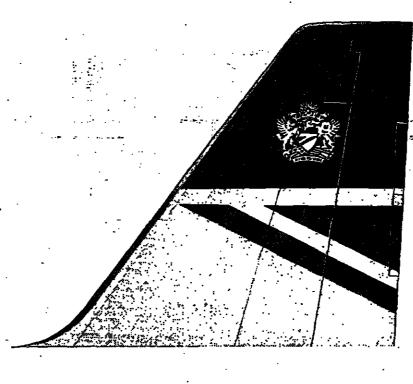
TV picture decision nears

THE ARRIVAL of high definition television (HDTV), offering much sharper pictures with the proportions of cinema screens, has moved a step closor, Raymond Snoddy writes, Delegates from more than 50 countries and broadcasting organisations unanimously adop-Geoffrey Lusty, managing director of Hydrodau.

In addition, the company has delivered a number of units to delivered a number of units to delivered and project in central gramme exchange in Geneva last

The proposal will go before the plenary session of the Inter-national Radio Consultative Committee (CCIR) next May for

The new proposed standard uses 1125 lines, nearly double the present number in a TV





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Market Chedue Account

Fresh challenge to Pretoria's censorship laws

BY ANTHONY ROBINSON IN JOHANNESBURG

ent daily newspaper published an interview with Mr Oliver Tambo, leader of the banned African National Congress

The interview was conducted in London by Mr Anthony Heard, editor of the Cape Times, who last night defended his decision. He had decided to publish the interview, he said,
"as our contribution to the peace process on a major matter of public importance."

The domestic challenge to the Government follows the introduction over the weekend of wide ranging measures which restrict foreign media coverage of violence in South Africa's black townships.

In a wide ranging interview, Mr Tambo downplayed the influence of the Communist Party on the ANC called on whites to join in the struggle for a non-racial future and also outlined plans for a mixed economy and pledged not to bars, cinemas and supermarkets.
The interview is the latest in a series of meetings and interviews between the ANC and South African business, political and media representatives take violence to soft targets like bars, cinemas and supermarkets. and media representatives which has angered the Govern-

THE South African Government yesterday faced an unprecedented challenge to the strict regulations which curb its domestic Press when a prominto the says. Without hearing his views nobody here can know what is going on. My decision to publish was influenced by the moderate nature of the man and his views," Mr Heard said. In the course of the interview

In the course of the interview Mr Tambo was asked to give a reassurance to white South Africans about their future. "We hope our white "We hope our white compatriots will learn to understand that we see them as fellow South Africans rather than whites in the first instance. They are as good as blacks. In fact let us say they are Africans. let us move away from these distinctions of whites and non-whites. . . Let us see one another as fellow citiens," he

said.

Meanwhile stringent bail conditions imposed on the Rev Allan Boesak, the coloured theologian and patron of the United Democratic Front (UDF), were substantially relaxed by a provincial Cape court yesterday. Dr Boesak was arrested on August 26 prior to the planned march on Pollsmoor prison in support of Mr Nelson Mandela,

were reduced to three after the magistrate described him as a man of "high political" ment. a man of "high political
"It is absurd. Everybody has morals," who was unlikely to
seen him but no one in South flee the country to avoid trial.

Rebel move may endanger settlement in Uganda

army leader Mr Yoweri Museveni yesterday announced in Nairobi that his dissident movement had established an interim administration in rebelheld areas in Uganda.

August, a month after former poned

increased by 3.8%

By Michael Thompson-Noin Melbourne

AUSTRALIAN workers were yesterday granted a 3.8 per cent national wage increase for the six months to June

Australian

wages

Announcing its decision, the Conciliation and Arbitration Commission said the centralised wage-fixing system introduced by Mr Bob Hawke's Labor Government in September 1983, had assisted the promotion of "greater price and industrial stability as well as economic recovery." well as economic recovery."
Wage rises indexed to the

consumer price index are the key feature of the pay accord between the Government and

Ysterday's 3.8 per cent increase covered CPI increases of 1.4 per cent and 2.4 per cent in the March and June quarters this year. The pay accord was recently renegotiated for a

recently renegotiated for a further two years.

The latest pay claim was vigorously opposed by employer groups, as well as the Australian Mines and Metals Association and the National Farmers' Federation

They argued that Australia could not afford fully indexed wage settlements if it was to recoup lost competitiveness, and claimed that the Arbitration Commission was heing used to rubber stamp wage-fixing arrangements. "These are very strong words, and they are not warranted," said the commis-

The commission added that there were some encouraging economic signs pointing to continued recovery, but also areas of concern.

It said Australia's unemployment rate was still yery high (8.2 per cent), as were real interest rates.

There will be ingressing • There will be increasing business failures and rising unemployment if there is an average settlement of 15 per cent in the current New Zealand wage round, Mr Roger Douglas, Finance Minister said yesterday Reuter reports from Wellington.

Mr Douglas told a Labour Party meeting in Anckland some business sectors could not afford such increases and there was no evidence higher wages could be matched by higher productivity.

Arafat visits Cairo for crucial peace talks

MR YASSIR ARAFAT, chair- Middle East. man of the Palestine Libera-tion Organisation (PLO), arrived in Cairo yesterday for a crucial visit aimed at revitations links between Egypt and the PLO at a time when Cairo appears to be playing an increasing role in regional affairs.
Mr Arafat's visit follows

Mr Arafat's visit follows closely those of a number of high level Arab envoys from Tunis. Iraq, Jordan and most significantly from once-militant Algeria which has been moving away from rejectionist front to states led by Syria and Libya.

Mr Chadli Benjedi, the Algerian President, said in an interview published late last week in Egypt's semi-official Al-Ahram newspaper that Arab states should close ranks and forget their differences. Algeria has been among the most vociferous critics of the Camp David accords for peace in the King and Mr Arafat.

Middle Last.

Mr Osami al-Baz, Egyptian

President Hosni Mubarak's

political adviser and a strong
advocate of pan-Arabism, recently visited both Algeria and

For a sum or description of the property of th

A senior Egyptian official said yesterday that the recent visits to Cairo by Arab envoys visits to Cairo by Arab envoys were part of a growing recognition of the contribution Egypt could make in regional councils. But the official cautioned against expecting these contacts to lead quickly to an Arab League summit at which the subject of Egypt's continued evolution reguld be

Jordan and Egypt have, PLO over the Achille Lauro since the start of the latest affair and the damage caused to peace initiative launched about the peace efforts. one year ago, co-ordinated their diplomatic efforts. Both have an interest in ensuring more responsible behaviour on the part of the PLO if the peace

process is to advance. President Mubarak st certainly seek to impress on Mr Arafat the need to avoid on mr Aratat the need to avoid as the hijacking by a PLO faction of the Italian cruise liner Achille Lauro.

King Hussein said in a US television interview at the weekend that if the PLO wanted to participate in the peace process, it would "have to determine what actions it will have to take to play that part,

Egyptian and PLO officials are now saying that differences arising from the ship's hijacking have been smoothed over, and that in part they were caused by "misunderstandings."

Both sides agree that Mr
Arafat's visit is a significant
event, his first fullscale diplomatic mission to Cairo since
1977, shortly before late
Egyptian President Anwar
Sadat went to Jerusalem to
make peace with Israel.

The visit has important implications for Egypt, whose policy since the death of Mr Sadat has been to rebuild bridges to the Arab world. A warming of PLO-Egyptian relations would help in this process.

Mr Muharak sat the state at

nouncing US and Israeli attempts to exclude the PLO from direct participation in the

peace process. Both the US and Israel have Both the US and Brase have been urging King Hussein to engage in direct negotiations over the future of the laraelioecupied West Bank and the Gars Strip without the participation of the PLO. The King has made clear that he was not prepared to follow such a course.

Mr Arafat's talks with Mr Mubarak will be their second munarak with he their second public meeting ance the PLD chairman's ouster from the nor-thern Lebanese city of Tripoli in late 1983.

Their discussions this week could mark a watershed in Enypt-PLO relations. PLO offand I am expecting some in this process.

Both the Jordanians and the Egyptians were furious at the weekend for Mr Arafat's in seeking a settlement of the arrival with a tough speech de-

South Korean

By Steven B. Butler in Secul

SOUTH KOREAN police stormed into the American Chamber of Commerce in Scout

yesterday, ending an occupation by student demonstrators. Police arrested 14 students and freed three Korean employees who had been held hostage for

police storm

US offices

Bhutto launches scathing attack on Zia

BY JOHN ELLIOTT IN ISLAMABAD

A BLISTERING attack on figure. She was placed under Pakistan's military regime of house arrest in Karachi on President Zia ul Haq was August 29 for indulging in Bhutto, who feored another will be published. President Zia is known to be Benazir Bhutto, daughter of the activities shortly after she had country's late Prime Minister, returned to Pakistan from exile political activities in exile, and will prevent the Bhutto wing

when she was released from two in the UK to bury her brother,

to France.

Speaking at a time when President Zia is cautiously preparing to lift martial law at the end of next month, she attacked the "impotency" of the new political system that is being developed to replace martial law and she challenged the President to stand against her in an open election.

Miss Rhutter and Shahnawaz.

Shahnawaz.

Between 1982 and 1984 she spent 34 months under house arrest in Karachi before being released to go to Europe for medical treatment. Yesterday, escorted by 25 police vans, she travelled from her house to the local airport and left for France.

In the president Zia is cautiously preparing to lift martial law at the end of next months under house arrest in Karachi before being released to go to Europe for end of next months under house arrest in Karachi before being released to go to Europe for end of next months under house arrest in Karachi before being released to go to Europe for end of next month, she attacked the "impotency" of the new political system that is being travelled from her house to the local airport and left for France.

In the province of the new province of

in the French courts has served the interest of both Miss Bhutto, who feared another long period of house arrest and wanted to continue her political activities in exile, and of President Zia who wanted to remove an image of military repression from Karachi which is Pakistan's commercial capi-

Detailed negotiations are in progress between the President and an elected but non-party national Assembly about the form of the country's new political system. The President has been forced to make some in an open election.

Miss Bhutto, aged 32, is acting the banned pakistan People's Party and is a potentially major opposition

morrow in front of magistrates in the Shahring relatively minor amendments in protests that will probably him from his actions while ruling as a military dictator.

The request for her presence the first open continue the present political system into next year.

anxious to frame rules that will prevent the Bhutto wing of the People's Party returning to power. In her statement yesterday Miss Bhutto said the

military regime was "obsessed with Bhutto phobia." She said she wanted to return to Pakistan, whatever the consequences, in three months' time. This suggests that she intends to be back either to take part in political activities after military rule is

who had been held hustage for several hours.

The students were protesting against US pressure to open South Korea's market and called for an end to "economic subjugation" by the US. The students also demanded the resignation of Mr Chun Doo-Hwan, the South Korean President dent.
The incident comes as clashes between students and police have grown increasingly violent.

At least 1,500 students from Scoul National University attacked police with petrol bombs for two days last week, occupying the university library and smashing windows Yesterday hundreds of police

in riot gear held down positions at the gates to Yonsei University, searching all students entering the campus in an attempt to prevent further antigovernment demonstrations. Student demonstrations have lately acquired an increasingly anti-American tone as US trade country part of the pressure of South Korea has india would prefer discussions on each sector on the basis of geographical and historical is a lack of democracy in South

BY MARY ANN FITZGERALD IN NAIROBI

eld areas in Uganda. man committee drawn from the
The statement was viewed as Government and NRA negotiata show of muscle that could furing terms could work on a com-ther endanger the oucome of promise agreement that would talks between the Ugandan Govpave the way to internal reconernment and the NRA. The two
ciliation. The talks were
sldes have been conducting scheduled to resume yesterday sporadic negotiations since late but have been idefinitely post

UGANDA'S national resistance president Dr Milton Obote was overthrown in a military coup. The fourth round of the talks that are being held in Nairobi were temporarily adjourned last Thursday so that an eight-

India and China renew talks on border BY K. K. SHARMA IN NEW DELHI

INDIA AND China began talks tive discussions" in New Delhi yesterday on the vexed question of their mutual boundary. However there is little hope that this will lead to a solution of a problem that has soured Sino-Indian relations since the 1962 border war.

This is the sixth time that teams from the two countries that what are called "substan-

boundary will take place. If these fail, it is expected the subject will be taken up at a higher political layer higher political level

Prime Minister, met Zhao Zivang, the Chinese Premier, which amounts to recognition of in New York when both went the status quo. India feels this have met in about four years, there last month for the 40th would mean ceding to China although it will be the first time anniversary celebrations of the nearly 14,000 square miles of United Nations. After the meet- northern Kashmir that has been

on the ing, Mr Gandhi said both felt under Chinese army occupation the border issue was "not since the 1962 war.
insurmountable." In return China has offered insurmountable."

For India the main hurdle in Mr Rajiv Gandhi, India's settling the border issue is the Chinese "package" proposal

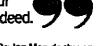
to withdraw claims to the northeastern Indian state of Aruna chal. India thinks this is no concession since Arunachal is already an integral part of the

Here at Revion, replacing our central oil fired boiler with an electrode boiler has saved us £49,000 a year in fuel and maintenimproved.

ance costs. On a capital investment of £10,000 we've achieved a pay-back of under three months. Furthermore, response is faster so our production flexibility is

Electricity talks our

language very fluently indeed.



Malcolm Bond, General Manager, Revion Manufacturing UK Limited, Maesteg, Mid Glamorgan.

Across the country, in companies both large and small, electricity is helping industry reduce costs and increase productivity.

An electric furnace has enabled the Rexel Cumberland Pencil Company Limited to more than double their weekly output of graphite pencil cores and has cut process energy costs by over 50%. Together with labour and material savings, Rexel's investment has been offset in under 10 months.

Electric infra-red drying of the paint finish on microwave ovens at Thorn EMI has improved production quality, halved curing time and reduced man hours. Production has trebled and the equipment has paid for itself in less than a year.

The list of examples is growing daily. All proving that electricity is likely to talk your language, too.

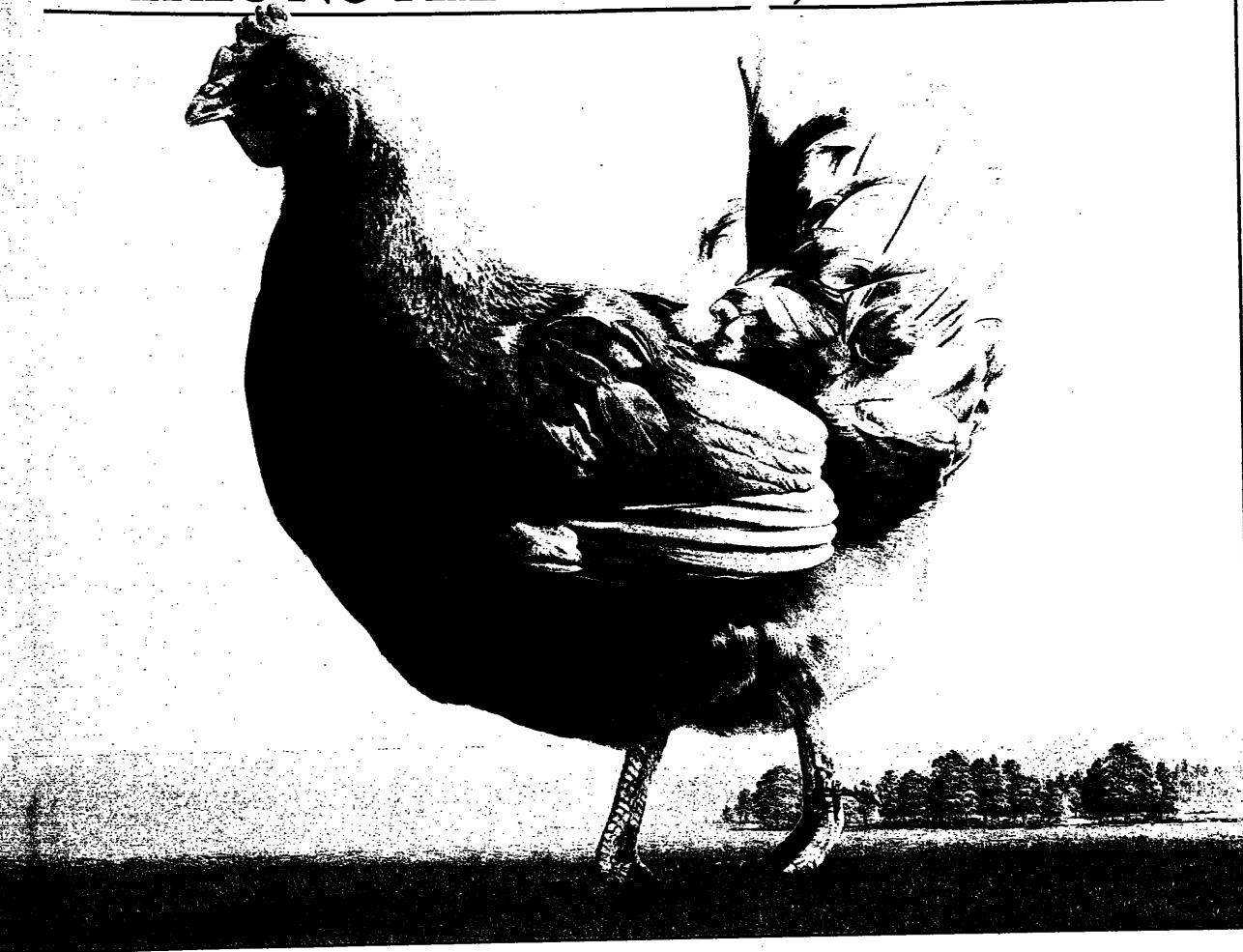
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ELECTRICITY TALKS THE LANGUAGE OF INDUSTRY.

THERE'S NO MILEAGE IN IT, HENRIETTA.



Eggheads the world over are trying to come up with an alternative fuel to petrol.

Chicken-droppings have been mentioned in some quarters.

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And even on engines that haven't yet seen the light of day. Before a new model leaves the factory, motor manufacturers often ask our research centre in Thornton, Cheshire to give its engine the once-over.

A while back, this led us to look into the effect more heat under the bonnet has on the components of petrol. As cars become more aerodynamic, radiator grills become smaller, and engines become hotter.

By keeping in touch with such developments, we can make sure that the design of our petrol keeps up with the design of the car.

Not that we've totally turned up our noses at new alternative fuels. We're experimenting with methanol from natural gas and alcohol blended with hydrocarbons.

Somehow, though, we don't think dear Henrietta will provide the answer.

If we rely on her for the fuel of the future, we might well put our foot in it.

YOU CAN BE SURE OF SHELL



Reagan moves to allay Soviet fears on SDI

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan has pledged not to deploy any new space defence weapons under his Star Wars programme until offensive nuclear weapons are "eliminated." It was the farthest he has yet gone in reassuring the Soviet Union that the Space Defence Initia-tive is not meant to give the US a nuclear "first strike"

advantage.

The undertaking was more specific than any of Mr Reagan's previous comments on his vision of moving both superpowers from offensive to defensive strategies. It came in his first interview with a group of Soviet journalists, the full text of which was released by the White House as excerpts appeared in the Soviet Press

Mr Reagan's lengthy interview was published as US officials continued to give more details of the latest US arms control proposals, tabled in Geneva at the end of last week. They include a ban on all mobile intercontinental ballistic missiles such as the planned US

With only two weeks to go before the Geneva summit between Mr Reagan and Mr between Mr Keagan and Mikhail Gorbachev, the Soviet leader, the Administration is making a big effort both to purvey a general air of reasonableness and to stress the merits of its detailed positions

on arms control. Mr Reagan repeated his offer to make Star Wars technology available to other countries, including the Soviet Union, if research showed that a defen-sive system was technically possible. In addition, he seemed to be suggesting that both Moscow and Washington should renounce any intention the figure while not agreeing of seeking a monopoly of such weapons, to prevent one side gaining a strategic advantage by mastering the technology

Mr Reagan acknowledged Soviet concern that the development of a defensive system, coupled with offensive weapons, could put a country in a position "where they might be The US would not try to monopolise the technology to gain first strike capability. Mr Reagan said. Moreover, "we won't put this weapon—or this system in place, this defensive system, until we do away with our nuclear missiles, our offensive missiles."

Previously Mr Reagan has said simply that the transition from offensive to delensive systems would be a matter for negotiation before any US deployment. He has not spelled out that nuclear weapons should be eliminated first although it was not totally clear from his text whether deployment could start once it had been agreed to eliminate nuclear weapons, but before

their dismantling had been completed.

US officials, meanwhile, said that they saw four "nuggets" in Moscow's latest arms control proposals, to which the US had ried to respond in its offer of

They said that in addition to the proposed ban on mobile ICBMs, which would include two Soviet missiles, the SS-24 and the SS-25, as well as the Midgetman, the US was also proposing a ban on new "heavy" missiles such as the

According to a New York Times account of a briefing by US officials accompanying Mr George Shultz, the Secretary of State, to Moscow, the four "nuggets" were as follows:

 The Soviet proposal for a 50 per cent cut in strategic delivery vehicles, which Mr Reagan has said he can accept on a different counting basis. A Soviet proposal to limit what it should include.

• The implied Soviet offer to negotiate a separate agreement on intermediate range missiles, on which th US is proposing a limit of 140 on each side's

 The Soviet proposal to allow no more than 3,600 land-based long-range ballistic missiles. While this was higher than the more likely to dare a first While this was higher than the strike." He pointed out, however, that this would apply equally to the Soviet Union. Washington could compromise at 3,000.

Koch set to coast through to third term

APATHY, said New York city Mayor, Ed Koch, as he wound up his re-election campaign, was now his number one oppowas now his humber one opponent. Another candidate for more lowly office in today's polls for all kinds of public office described the elections as the most routine he had ever seen. Most observers would agree with both judgments.

Since his overwhelming vic-tory in the race for the Democratic nomination, Mayor Koch has coasted through his campaign, making sure, as he always does, that he remains visible and that he is seen talking to the right people.

Mr Koch is not expected to pull in quite as many votes this year as he did four years ago when he won his second term of office. He was backed at that time by the Republicans as well cratic nomination, Mayor Koch

time by the Republicans as well as his own Democratic Party, but the Republicans have their own candidate today in Mrs Diane McGarth. Mrs McGrath has suffered

from a campaign marred by internal differences within the Republican ranks, but even without this setback she has stood very little chance of making much of a dent on the mayor's formidable electoral

About two-thirds of registered New York City voters are Demo-crats, and Mr Koch is excep-tionally well funded — he spent around \$4.5m (£3.2m) on the nomination campaign alone to say nothing of enjoying the enthusiastic support of Mr Rupert Murdoch, the Australianborn publisher, and his New York Post.

The third candidate, Miss Carol Bellamy, stood against Mayor Koch in the Democratic primaries, and is expected to split the vote to some extent by picking up support from the more liberal wing of the party. The mayor already appears to be looking for his place in the history books. Known up to now as the man who saved New York City from bankrupicy, and as an enormously effective publicist for the city. he is aware that he may well be finally judged by his ability to tackle the burgeoning social problems in a community where poverty lives side by side with

immense wealth. He has promised to tackle the mounting problems of housing for the poor, public transport and education. Today he is expected to receive the mandate to get on with the job. The ruling party has increased its parliamentary majority. Jimmy Burns reports

Argentina shows satisfaction with democracy

US Federal Reserve Board chairman Mr Paul Volcker,

Nobel economics laureate Mr

of a coup have receded over-night."

Nothing perhaps better sums up the public mood in Argentina following Sunday's mid-term election result than this comment by the Peronist candidate Carlos Grosso. However many the unresolved conspiracy theories that pro-vided the immediate backdrop

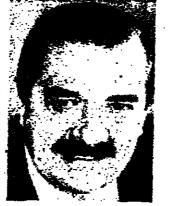
to the final vote, the Congressional poll confirms that the large majority of Argentines are finally resolved to treat democracy as more than just transitory experience.

Historically mid-term elec-tions have marked the beginning of the end for democratic governments here. Twenty years ago the radical government of ago the radical government of President Arturo Illya failed the two year test of its popularity and was subsequently toppled in a military coup.

On Sunday night over 84 per cent of the electorate voted, as many as in the presidential many as in the presidential elections of October 1983 and

in the Beagle Channel Refer-

endum last year. As before, the main credit for keeping democratic participation alive must go to President Raul Alfonsin whose ruling Radical Party increased its par-liamentary majority. With 69 per cent of the vote counted early yesterday, the Radicals had won 44 per cent against 25 per cent taken by the main opposition party, the Peronists. Founded by the late General



Alfonsin: gamble

Juan Peron, the Peronist party has been deeply divided since its defeat in the 1983 presidential election. The early stages of the midterm election campaign were lethargic. Rallies were poorly attended and most Argentines remained unimpressed with parliamentary politics. Only when the Radicals brought Mr Alfonsin into the areas did the Alfonsin into the arena did the pulse of political life revive. The election reached its climax when Mr Alfonsin made a last-minute nationwide speech during which Sunday's poll was presented dramatically less as a test of the two-year-old govern-ment than as a stark choice between democracy and dicta-

Franco Modigliani and Har-vard University economist Mr John Kenneth Galbraith will visit Argentina this month to study the country's anti-inflation programme, Mr Dante Caputo, Argentine Foreign Minister, said, Reuter reports from Buenos

Mr Caputo said it is still too early to say whether Mr Volcker's trip could lead to a loan under a plan amounted by Mr James Baker, US Treasury Secretary, in October.

The opposition has yet to be fully convinced of the threat posed by the alleged plotters in the military. But Mr Alfonsin took a major gamble nevertheless: a far closer result on Sunday and a hung parliament would have left the presidency exposed to attack from the

military.
The Radicals have increased their share of the vote in many regions previously controlled by the opposition. But the final vote looks set to fall short of the landslide predicted by some opinion polls. The ruling party looks unlikely to increase substantially its presence in the Upper House or Senate where it is in the minority, and in the key electoral district of Buenos

Aires the Radical number of deputies was diminished because of good results obtained by the Renovadores — the renewal faction of the Peronists.

On balance, however, Argentine democracy has emerged reinforced from Sunday's result. The Radicals have not shown themselves to be particularly magnanimous during their for the wars in government first two years in government and had they crushed the opposition on Sunday President opposition on Sunday President
Alfonsin would have found himself under pressure to push
ahead with his plans for a
historic "third movement." This
would effectively brush aside
parliamentary rule in favour of
a populist presidency similar to
Peron's and with its nearest
contemporary equivalent in
Mexico's ruling PRI.

Instead, there is room for
consensus politics. The Renovadores, who have a substantial presence in Parliament and

tial presence in Parliament and in the Labour movement, represent a clean break with their party's authoritarian past. While recognising that Mr broad social appeal remains an important guarantor of democracy, the Renovadores have freed themselves from the ghost of their founder, the late General Juan Peron in favour

sible parliament. Their campaign with its commitment to a moderate mitment to a moderate economic programme and its social democratic approach to direction but Mr Alfonsis politics has been almost indisthat he is no magician.

of a more effective and respon-

of the Radicals.
The Renovadores have criticised the recession provoked by recent austerity measures but they privately accept that by drastically reducing the rate of inflation the Government has prepared the groundwork for a more viable prices and incomes

policy.

The new Perenists have not agreed with the Left's call for a agreed with the Left's call for a moratorium on the \$480a (£34.3bn) foreign debt but are likely to reinforce the Government's determination to get more flexible conditions from the country's creditors as a way of ensuring that future obligations are not met at the expense of conomic growth.

For the military, the message of Sunday's vote should be clear. The days in which Argentina railied around the armed forces as the best insurance against political violence belong to the past.

Nevertheless, expected to make the armed forces as much as Parliament a key participant in the next stage of national reconciliation. His insistence last week in the was only individuals and not the institution of the armed forces in the dock, was a velled message to the Left that the country cannot afford a witch-hunt against all the officers responsible. Sunday's elections are a significant step in the right direction but Mr Alfonsin knows

Guatemala Christian Democrats take early lead in poll

BY DAVID GARDNER IN GUATEMALA CITY

GUATEMALA'S Democrats have taken a com-manding lead in Sunday's general elections here designed extreme right wing rule.

with a third of the vote in, the centre right Christian Democrat president in El Salvador, have facilitated the centre right Christian Democrats, led by Mr Vinicio Gereto, a 42-year-old lawyer, have a 19-point lead on their nearest rivals, the National Union of the Centre (UCN), headed by Mr Jorge Carpio, a right wing newspaper pubright wing newspaper pub-

The size of Mr Cerezo's lead makes it virtually certain that the Christian Democrats will win the second round of voting on November 8 between the two front runners. An overall majority would have been required for outright victory in the first round.

Democratic Socialist Party, who was virtually eclipsed by the evidence, that he can regroup fifth year of falling per capita.

The Christian Democrat vice returned from exile six months. Christian Democrat perform the right by next month growth.

Christian Democrat president of El Salvador, have facilitated the pouring in of American finance to head off the

the right wing National Co-operation Party of Mr Jorge Serrano, an evangelical lay preacher who headed the advisory Council of State under the Christian dictator, General Efrain Rios Montt, who was overthrown in 1983.

Mr Mario Solorzano of the

ing violence and intimidation here, this is a remarkable performance. Mr Solorzano drew strong support in towns like Solola, in the Mayan Indian highlands, which have suffered the brunt of a savage 25-year counter-insurgency campaign against left wing guerrillas which have left an estimated 100,000 dead.

The badly split far right, which has underpinned 1S military governments since the re-Jacobo Arbenz was ended in 1954 by a US Central Intelligence Agency-organised coup,

Christian tory opens up the possibility ago to fight a courageous but ance. It suffered the defection through playing on their fear of a large part of its traditional Christian Democrat reformism.

Sunday's Guatemala in the same way backing from the Socialist Inconstituency—the landed oliginates of President ternational, polled around 6 per garchy, industry and the financial sector—to the more modification. The far right detestation of the more modification of the context of continuation of the context of context of continuation of the context of conte erate options offered by Mr

> yesterday of a "Peruvian solution," whereby the runner-up conceded to the first round leader without a second round, as the left did with President Alan Garcia in Peru's general election earlier this year. This is thought unlikely, both because the size of Mr Cerezo's lead is smaler than was formist experiment of President President Garcia's, and because

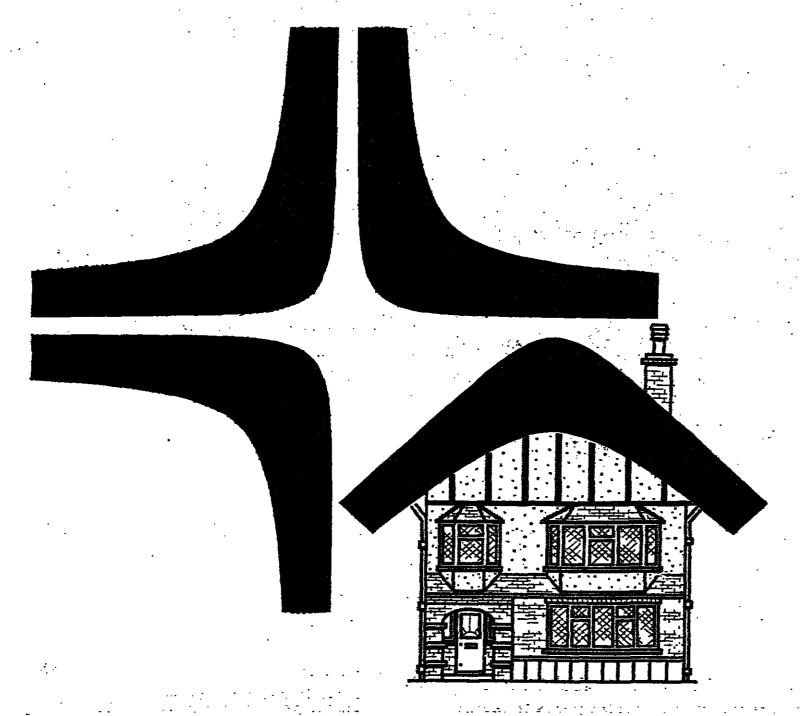
Carpio and, in particular, Mr

Serrano.

its lavish finance, gimmicky tactics and anodyne politics, and what was seen almost as its hijacking of military support early in the race, is likely to make any "stop Vinicio" campaign difficult.

Mr Cedezo has siready begun to behave like a president and has said he will start early on forming a government. In the early hours of Monday morning he announced his priorities as being to put an end to the violence endemic here and of Mr Carpio's driving ambition. immediately to introduce an Mr Carpio, furthermore, emergency programme for an believes, against most of the economy which this year faces a

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Japanese pension fund sets | Air Jamaica heads foreign bankers buzzing

JAPAN'S LARGEST potential investor in overseas bonds and securities keeps two out of every three lights in its corrievery three lights in its corri-dors dark for reasons of eco-nomy. Still, with \$4bn already invested overseas and at least another \$8bn available, the Post Office Life Insurance Bureau is surely worth groping down a hallway to find.

Any investment banker worth his pin-stripes has already made the trip. The Fund Managethe trip. The Fund Management Division of Post Office Life, itself a division of the Ministry of Posts and Telecommunications, looks after total invested assets of Y27.000bn, more than half the total amount of assets of all Japan's private life insurance companies combined

Ten per cent of those assets can be invested abroad: so far the people at Fund Management have sent only 3.2 per cent overseas. Total funds have overseas. Total funds have nearly doubled in the past five years and are still growing at

a healthy clip.

Who are the people behind this huge amount of money, and how do they make their decisions? Where do they play golf and what do they eat for break-fast? These are the questions that foreign bankers ask each other anxiously as they vic for the favour of the Fund Manage-ment Division. The business of serving Japan's huge capital outflows is big business itself. It is also an increasingly competitive one as more foreign bankers pour into Japan with the goal of helping the Japa-

nese send their money out. Mr Shiguenobu Tatsuzawa, 43, deputy director in charge of the international investment section of Fund Management, waves away the smoke from a Japanese-made cigarette, and smiles at questions about how decisions are made in his office. The smile is partly out of embarrassment. Like so many Japanese civil servants, Mr
Tatsuzawa has held his current
job only a few months. Earlier
this year he was a top official
in the MPT's Broadcasting
Regulatory Agency. In his
career with the Ministry, he
has held eight or 10 different
jobs, he says.
After a few moments, however, his embarrassment disappears. "It doesn't matter if
Services and Giverse as Oslo and
Vienna Municipal bonds.
Canadian, Sweden and Danish
government bonds and, of
everseas investments gathered?
Newspapers, securities companies' research and an independent research institute
based in New York called Postal

ever, his embarrassment dis-appears. "It doesn't matter if an individual is new. We work here on an organisation to organisation basis," he says. In other words, relationships between financial institutions and

tween mancial institutions and the department, he says, go on despite personnel change.

As to foreign investment, he says the division is in the process of calculating when, how and whether it should increase its overseas holdings to 10 per cent of total assets.

"The interest rates (ahrnad) are "The interest rates (abroad) are still high," he says with a smile. "So it's still worth increasing, but we are working on our plan."

Services and Financial Re-search, he says. Why invest in Sweden? "It was a consensus decision." he says.

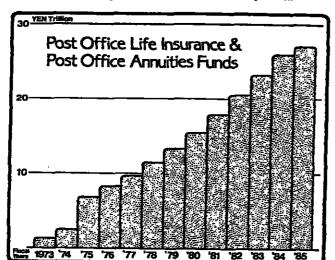
Decision-making, he said, is
done according to the basic

stance that investments are for buying and holding until maturity. "That is our policy now, but it may change," he offers.

offers.

What advice would be give foreigners seeking to do business with his department? The word "advice" does not translate in Japanese, and the English word is inserted into the Japanese. "Basically, it is the confidence in each other. plan."

the confidence in each other
The division has already built up over time, that is what
plumped for foreign investwe think is important."



for brighter skies

A DECADE of continuous losses appears to be ending for state-owned Air Jamaica. The company has forecast an operational surplus of Jamaican system (U.S.\$7.5m) this year, following a surplus of Jamaican \$25m last year.

Mr Bill Cavanagh, an Aer Lingus executive who is on secondment to Air Jamaica as vice president for marketing, said the airline's improved outlook is the result of a greater share of the market on routes between the island and the U.S.

It will be some time, however, before Air Jamaica wipes out losses of U.S.\$37m accumulated since it started opera-

ulated since it started opera-tions more than 16 years ago. Most of the airline's fleet of four Boeing 727s and two Airbus A-300s operate on routes between U.S. cities and

The four 727s were subject to a sale and lease-back arrangement earlier this year with Guinness Peat Aviation, and which netted the carrier U.S.\$25m.

"There was a 1 per cent 651.9m in the first eight months growth in overall passenger of this year.

Mr Cavanagh reported.
"Despite this, Air Jamaica's traffic on these routes increased to 66 per cent this year. In the first eight months of last year we had 53 per cent of this market."

by a 7 per cent drop in the number of U.S. tourists visit- in August we carried 5,800 ing Jamaica, and a decline in Aero Peru passengers from travel by Jamaicans, who have Montego Bay to Miami," Mr been deterred by increased Cavanagh reported.

Air Jamaica has also benear cent devaluation of the field from a communical expension.

A DECADE of continuous delphia, Atlanta, Toronto, Haiti, losses appears to be ending for state-owned Air Jamaica. The company has forecast an the Miami-Jamaica route was operational surplus of Jamaican the busiest for the company, \$45m (U.S.\$7.5m) this year, despite a fall in volume following a surplus of Jamaican between January and August of this year to 412,000 passengers against 400.000 in the correst

Air Jamaica is expanding its fleet this month with the addition of another Boeing 727 on a one-year dry lease from

on a one-year dry lease from Ansett of Australia.

The airline is anticipating volume of \$50,000 passengers this year, 103,000 more than last year. Load factor is expected for 1985 to be between 64 per cent and 65 per cent, against last year's 66 per cent. The brighter financial outlook is supported by an increase of 15 per cent in revenue passenger miles which totalled 651,9m in the first eight months

volume between Jamaica and Air Jamaica's outlook has the U.S. in the first eight also been improved through an months of this year against agreement with Aero Peru to January to August last year," fly the South American agreement with Aero Peru to fly the South American carrier's passengers from

Jamaica to the U.S.
Problems between Pern and the U.S. in negotiating a new bilateral air services agreement we had 53 per cent of this have sent Aero Peru searching market."

The small growth in which to ferry passengers, passenger volume was caused mainly to Miami.

fares following a cumulative 78

per cent devaluation of the fitted from a comercial agreeJamaican dollar over the past ment with British Airways for
22 months. The airline files routes linking the island to Miami, Tampa, has brought the airline a 35

New York, Newark, Los per cent increase in revenue on
Angeles, Baltimore, Phila
the Jamaica has also benefitted from a comercial agreement with British Airways for
the Jamaica has also benefitted from a comercial agreement with British Airways for
the Jamaica has also benefitted from a comercial agreement with British Airways for
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the Jamaica-London route,
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A copy of this advertisement has been delivered for registration to the

Deutsche Bank Aktiengesellschaft

Rights Offer

Pursuant to the authority granted at the Ordinary General Meeting on 18th May, 1983 the Board of Managing Directors has resolved with the consent of the Supervisory Board, to increase the share capital by DM 117,000 000 to DM 1 598 763,450 through the issue of 2,340,000 new shares of DM 50 each tranking for dividend from 1st January, 1985) at an issue price of DM 450 per share of DM 50 parvature.

The new shares have been underwritten by banks with the obligation to offer them to in the ratio of 1 for 15

- shareholders in Deutsche Bank AG
- holders of Warrants from the Bonds with Warrants issued by Deutsche Bank Compagnie Financière Lixembourg S.A., namely the 41/2% U.S. Dollar Bearer Bonds with Warrants of 1977/1987 and the 61/4% U.S. Dollar Bonds and 31/2% Deutsche Mark Bonds with Warrants of 1983/1991
- holders of 4% Convertible Bonds of 1984 of Deutsche Bank AG
at a price of DM 450 per share of DM 50 par value.

in the ratio of 1 for 15

in the ratio (nominal amounts) of 1 for 75

The increase in capital having been entered in the Commercial Register of the District Court at Frankfurt am Main, we invite our shareholders, the holders of the Wurtants and the holders of the Convertible Bonds to exercise their subscription rights against presentation of Dividend Coupon No. 45 from the old shares, or Receipt to Bearer A attached to the Warrants from the Bonds with Warrants of 1983, or Receipt to Bearer C attached to the Warrants from the Bonds with Warrants of 1977/1987 at one of the subscription agents during normal banking hours from 12th November to 26th November, 1985 inclusive.

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The subscription rights from shares. Warrants and Convertible Bonds will be the subscription rights from shares, warrants and Convertible points will be traded and officially listed on all German Stock Exchanges and on The Stock Exchange in London from 12th November to 22nd November. 1985 inclusive and the existing shares will be dealt in exinghts as from 12th November 1985. A combination of the different subscription rights may be used. Rights may only be exercised for whole numbers of new shares and holders of rights are advised either to purchase the extra number of rights they require or to sell their excess rights. The subscription agents are prepared to arrange for the numbers and eate of subscription palits. purchase and sale of subscription rights.

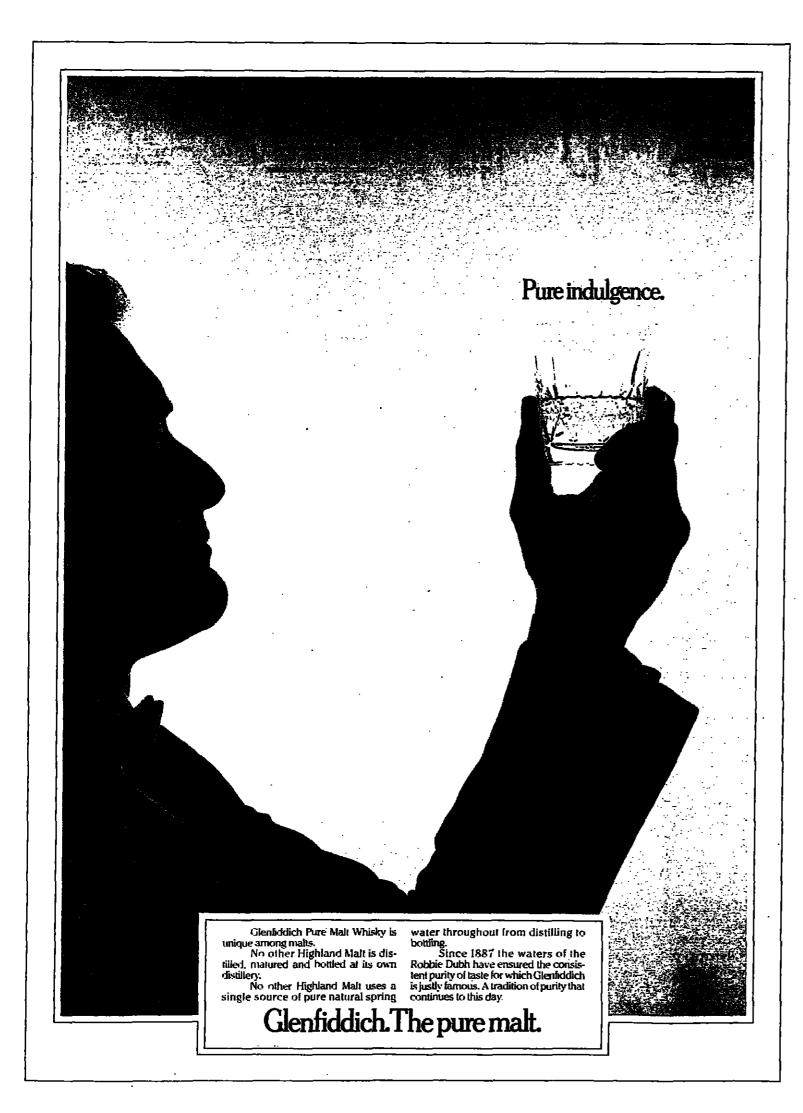
The new shares are evidenced by a global certificate deposited with Franklurter Kassenverein AG. The beneficiaries will be credited in a joint share account for their new shares. If requested, Bearer Certificates will be made available which will be accompanied by Dividend Coupons Nos. 46-50 and a renewal coupon.

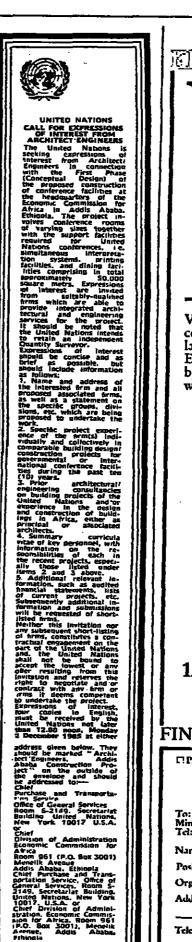
Application has been or will be made for the new shares to be traded and officially listed on all German stock exchanges and on the stock exchanges in Amsterdom. Antwerp, Basia, Brussels, Geneva, London, Luvembourg. Paris, Vienna and Zurich in accordance with the regulations of each exchange. Dealings in the new shares are expected to consinence as from 28th November, 1985 for normal settlement.

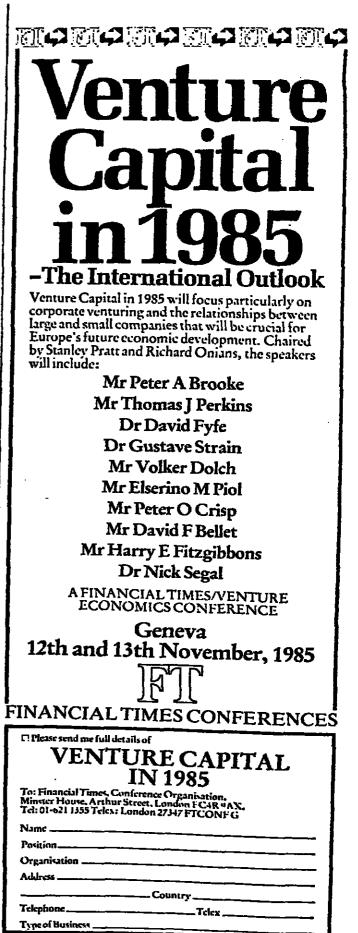
A prospectus containing details of the rights offer and information on Deutsche Bank AG may be obtained from the subscription agents in the United Kingdom as from

Shareholders are strongly advised to consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Frankfurt am Main, 5th November, 1985. The Board of Managing Directors







UK NEWS

document suggests.

document says.

"Accounting conventions place

many types of investment in re-search and development, marketing

current profits. Members are aware that pressure to raise profitability

social attitudes" included "a lack of hope, drive or initiative, especially

and south, and rich and poor.

CBI sets out course for | Labour reaffirms cut in jobless to 1m

BY NICK BUNKER

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TINEMPLOYMENT in Britain could be reduced to 1m by the year 2001, provided business and government provided business and government tional conference, being held in target growth of 4 per cent in the develop a new consensus about Harrogate from November 17-19. gross national product, which the their aims, the Confederation of They intend to use discussions of document suggests. British Industry (CBI), the UK em- the document as the basis for a fullployers' organisation, said yester-day after a survey among its 250,000 published next spring.

In a document called Change to Succeed - the Nationwide Findings, the CBI outlined members' views of major changes needed to end involuntary unemployment, which it 13 regional councils and various and training as a charge against called "a cancer feeding on society."

CBI members see low profits, in-adequate investment in innovation and the infrastructure, an anti-business culture and unco-ordinated government policies as the prime obstacles to achieving a high-wage, high employment, high productivity

Sir Terence Beckett, the CBI director general, emphasised, however, that pay restraint was the
first and most important thing if
British manufacturers have been
handicapped in selling in overseas
and domestic markets by a failure petitive. He repeated calls for wage to "make the customer king", the settlements this year to be two percentage points below the 1984 figures, with a similar reduction in the CBI eastern region that UK in-

don yesterday, Sir James Clemin- price." son, the CBI president, said that it emerged from "the biggest consultation exercise ever undertaken" by Tegain the share of world markets it

main background for the body's na- essential if Britain is to achieve a

CBI members have shown little enthusiasm for discussing a range of constitutional issues raised in the original Change to Succeed paper, circulated in January to the body's

standing policy committees.

The original paper included 138 questions for executives. Among them were queries on topics such as proportional representation, longer parliaments, and an enhanced role for the Lords, all advanced as possible means of securing more stable government policies. Members' replies, however, have focused on

dustry tends to "produce out-dated Launching the document in Lon- goods of poor quality at a high

key role of exchange controls

MR ROY HATTERSLEY, Labour's gross national product, which the leading economics spokesman, yes-terday reaffirmed the key role of Investment in innovation and exchange controls in preventing speculation against sterling disrupt-ing the plans of a future Labour quality improvements have been inhibited by low profits and the attitude of financial institutions, the Government to expand the econo-

> Mr Hattersley, told a meeting in London last night that the City of London's needs could not take priority over the country as a whole if the Labour Party won the next general election.

in the short-term may lead to inade-His previously announced plans to withdraw tax concessions from quate investment in those areas.
"Many feel that there is a need to institutions with large overseas foreducate investors in the importance tfolios would be the centrepiece of such controls, he said. of innovation. The single most fre-quently given reason for the inade-The exchange control scheme

quate level of innovation is the lack would only be one element in a sterof understanding of the needs of in-dustry by the financial sector." CBI members also saw a general ling policy aimed at ensuring that interest rates were held below the dislike of commerce which stood in the way of innovative enterprise, the document said. Other "negative

among the young," "rigidity of thinking," and polarisation between management and employees, north will certainly not remove its freedom to place investment abroad or attract foreign business."

Change to Succeed - the Nation-wide Findings. CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU. £7.50.

Mr Hattersley made clear that a given exchange to cial effect for avoid the sterling crises that pla-owners alike."



Mr Roy Hattersley: sterling policy

The proposal had its counterparts in many countries, including Japan and France. It would "only change the balance of incentives on a small part of the City's transactions and will certainly and the expansion of industry." course by short-term speculation. "Exchange control will enable us

to maintain lower interest rates for Mr Hattersley made clear that a given exchange rate with benefi-Labour, if elected, is determined to cial effect for industry and home-



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0800-35.35.35

Mirror group seeks **2,000** job cuts

Newspapers (MGN) will cease for of the bank. Lloyds said that the up to 18 months if union agreement plans had not proved sufficiently to shed a third of the present 6,000 strong workforce is not secured by the end of the month, the group's told employees, Helen Hague

giving them formal notice of dismissal and informing them that from December 1 the group's titles will be printing Company and Balfour Beatty have already announced their joint venture. entire MGN workforce in London fence plans to hand over to private

Under the scheme, BNPC will engage the staff needed for "unhindened production, and 2,000 em-companies in Britain and the US. ployees deemed to be "surplus to repuirements" will be offered volun-faced reform, repression or revolutary redundancy.

or producing The Mirror, Sunday Mirror and the Sunday People at the group's Holbern Circus, London, plant will be made.

Mr Maxwell said that MGN would discontinue publishing its titles from the end of the year until spring 1987, when BNPC's colour printing plant or plants are schedlikely venue is London's Docklands, and BNPC is already committed to spending £60m on new colour

Mr Maxwell threatened to end all production at Holborn Circus, just over two months ago, when he was in dispute with the print union the National Graphical Association. This led to the suspension of MGN

LLOYDS BANK is to abandon its Retailer Card Plans which allow retailers to issue credit cards under want 10 per cent and improved their own names but with the fi-terms.

PUBLICATION of Mirror Group nance and administrative back-up

popular to justify their costs.

Two engineering groups, Babcock International and Thorn EMI publisher, Mr Robert Maxwell has have become the second consortium to announce an interest in running the Rosyth naval dockyard in Fife Mr Maxwell has written to the Scotland, which the Ministry of De-

per Printing Corporation (BNPC), a. SOUTH AFRICA'S Urban Foun-subsidiary of his British Printing and Communications Corporation. development agency which sup-ports improvements to black urban conditions is seeking support from

If satisfactory negotiations on BEER PRODUCTION is likely to be down by about one per cent this year due "almost entirely" to the ciety, adding that there has been a ward trend in beer production since the early 198

A TOTAL of 1,900 Scottish min Democratic Miners about joining the organisation, which split with the National Union of Mineworker after the coal strike which ended in er, said there was no question of the UDM affiliating to the party unle it was recognised by the Trade Union Congress - a move the NUM

would oppose. ☐ The 120-strong orchestra at the Royal Opera House, Covent Garden, is refusing to carry out rehearsals and may strike over a pay

cians rejected management's latest

If you have one of these in your office,

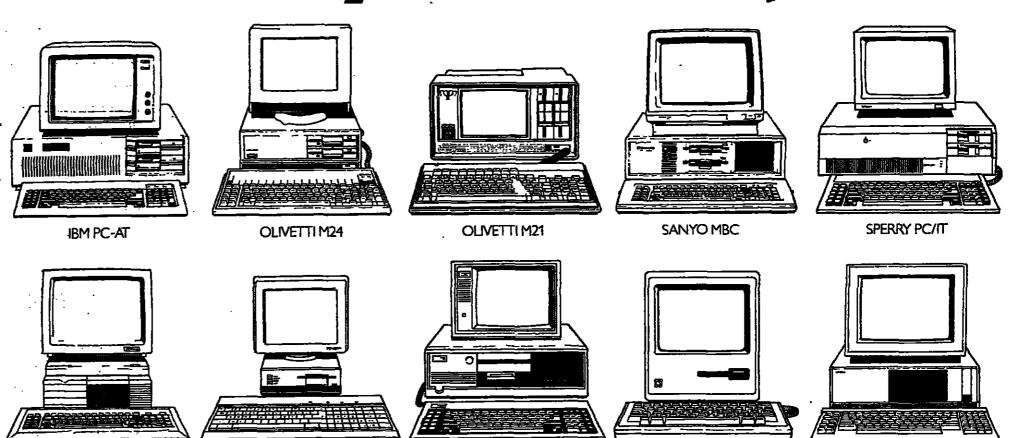
ABU DHABI, U A.E , ABU DHABI SHERATON

MANAMA, BAHRAIN, BAHRAIN SHERATON

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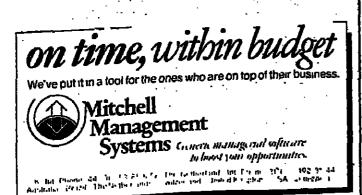
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Group to study investments exchange plan

BY JOHN MOORE, CITY CORRESPONDENT

A PLANNED association of the 29 elled gilt-edged market are unhap-py about the systems the stock ex-change is evolving for disclosures of prospective market makers who are to trade in the restructured British Government securities market is to study the implications of forming

The move follows growing awareness in the last few weeks by the damage their competitiveness.

In the next few weeks the new association will decide whether a new UK securities industry that the new regulatory structure for London's fi-nancial community will permit "re-cognised" investment exchanges. exchange is desirable or could be developed outside the stock exchange. It is likely to prove a com-plex issue because the 29 dealers will have to be members of the

In the new regulatory framework for the City the Securities and In-vestment Board (SIB) will be the ain supervisory body. The SIB will recognise self-regulatory bodies that will be able to authorise companies to operate in the business. The SIB will also

e able to recognise investment ex-The SIB will encourage all authorised firms to channel their busi-ness through a suitable recognised

exchange.
The Bank of England has so far insisted that dealers in British Government securities - the gilt-edged market - become members of the stock exchange for regulatory purposes. The stock exchange is seeking to become a recognised self-regulatory organisation and an in-vestment exchange.

WORLD TRADE NEWS

Dealing cost cuts 'could spur equities'

HE VOLUME of share dealings on the London Stock Exchange could increase sharply if dealing costs fall, a Bank of England discussion paper has suggested.
A reduction in dealing costs of I

prices and trading information in the market. They feel those might per cent could increase the volume of equity dealing by sround 70 per cent over a four-year period, ac-cording to the paper's authors, Mrs Patricia Jackson of the Bank of England and Mr Gus O'Donnell of

A similar reduction could also increase share prices by around 10 per cent, the paper concludes, as

and, therefore, more attractive.

The paper's conclusions are
hased on a study of the 1984 reduction in stamp duty — the tax levied on share dealings — from 2 per cent to 1 per cent. Most of the 70 per cent increase expected over four years has aiready been experienced, it says.

regulatory body in its own right, al-London Stock Exchange trans though the members are detertion costs stood at 3% per cent before the 1984 stamp duty cut, com-pared with 1 per cent for the New York Stock Exchange or the Nasstanding entity within London's financial community. Mr Nissen has said the new body dag Over-The-Counter market in the US, and with 1% per cent for the will be a practitioners' panel and will act as a central point for ex-Tokyo Stock Exchange. Even after the cut the London exchange stood at a competitive disadvantage be-cause of the higher tax charge on

Share turnover in London represents only 18 per cent of the market's total value, compared with 50 per cent for the NYSE, 43 per cent for Tokyo and 82 per cent for Nasdaq. Institutional fund managers are likely to buy and sell shares more frequently if the transaction cost is lower, the paper suggests.

Stamp duty receipts fell from EL14bn in the 1983-84 tax year to E910m in the last tax year, following the cut in the rate of duties. An estimated 30 to 40 per cent of this is levied on stock exchange dealings.

Lex, Page 18

Baring Brothers reorganises to raise more outside capital

BY DAVID LASCELLES, BANKING CORRESPONDENT

BARING Brothers, one of Britain's oldest privately owned merchant banks is to reorganise to meet changes in the banking markets and enable it to raise more capital from outside investors.

However, Sir John Baring, the chairman, stressed yesterday that Barings has no plans to go public. A holding company. Baring Pic, will be created to head a new group in which most of Baring's activities will be separated into subsidiaries. The main ones will be Baring Brothers, the merchant bank, and Baring Investment Management, which will acquire the group's investment management business

and operate as a distinct entity. The main aim of the changes is to give Baring a modern corporate structure that will remove many activities from the bank and allow it to operate more freely. It will also enable Barings to raise capital through the holding company, rather than through the bank.

The scheme has been designed to protect family ownership. Three of the seven top executives will be Barings, including Sir John, and the company will end up in the unusual position of being wholly owned by a charity, the Baring Foundation, but with voting control vested in the 30

The group has no immediate intention of making a debt issue, though it has been studying several possibilities, including an issue of perpetual floating-rate notes, a much-favoured means of raising

The ownership structure of Baring is also to be changed. Directors who own 28 per cent of the equity, will sell it to the Baring Foundation. which already owns the remaining 74 per cent. In payment they will be entitled to receive £12.5m in prefer-ence shares, although in practice they are expected to receive cash, and the shares will be distributed by Cazenove to institutional

As part of the reshaping, outside investors in Baring preference shares will be asked to exchange

slightly higher coupon.
Sir John said: The reorganisation will provide Baring Brothers with a corporate structure which is dil

appropriate to meet the changes oc-curring in the financial industry." He said the bank intended to perticipate in the changes in the City markets, but selectively. The new structure had been devised to strengthen the group's indepen-dence, which he described as a

prize asset." But unlike some small merchani banks which are standing back from the City Revolution, Baring will be joining in. It is buying a stake in Wilson & Watford, a jobbing firm, and is already a major player in the securities markets through its specialisation in sterling denominated bonds, It will also become a primary dealer in the othbecome a primary dealer in the giltedged market.

This is only the second big rear ganisation of Barang.
The first was nearly 100 years ago when the bank nearly

At the moment, its entire business is concentrated in Baring Brothers & Co. the bank, which is a big encumbrance to its balance sheet. This includes Baring's large (which controls about S9bn of funds) and its numerous banking and investment business oversea particularly in the Far East and the US, as well as assorted venture cap-ital and real estate activities. All financing for the group also has to

pass through the bank. The new holding company struc ture will separate these activities by placing them in subsidiaries. The bank will be relieved of the strain of owning Baring's non-banking business, which should leave it freer to do its basic job. The investment management side will also have a separate structure and board to emphasise its indepen-dence from Baring's large dealing

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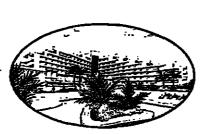
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steps up tour war By Arthur Sandles and James McDonaid

Intasun

stock exchange in its capacity as a self-regulatory body.

There is considerable unease

among several members that another exchange could be developed

successfully, while they are required to be members of the stock

exchange for regulatory purposes.

Mr George Nissen, who will be chairman of the proposed association, has so far ruled out the

ossibility of its becoming a self-

mined to ensure that it is a free-

BRITAIN'S travel agents ering from yesterday's rush for discount offers from Thomson Holi-days - were gearing up last night to handle another hig demand this morning for a new offer of 30,000 cheap family holidays from

Intasun's offer may not be the last in the package-holiday battle. Thomas Cook Holidays, the tour operating arm of the travel agency, will unveil its plans today for next summer and may produce a few

People throughout Britain start-ed queueing from early morning, and some waited overnight, for the Thomson offer of 1,000 one week or two-week holidays for £25 and £35

respectively.
Within the first three minutes of Thomson's headquarters in London opening at 9 am it had booked 400 holidays from agents fortunate enough to get into the Thomson

ise buvers wil month before departure. By noon more than 26,000 holidays had been booked by Thomson, with bookings sometimes coming at the rate of 1.3 a second.

Intasun, with the 30,000 family holidays on offer today, said none would cost more than £110 per per-son. With child discounts, a Mediterranean holiday for three can be obtained for £170. "Unlike the crazy offers which

others are making, these are real holidays," said Intasun. Intasun has brought the Mothercare organisation into its selling programme by using Mothercare as consultants in setting up facilities in some hotels so that British moth-

ers can give their children real home cooking. The children will not have to use Spanish or Italian medical services either. In some resorts Intasun is

erther. In some resons massum is importing UK-trained nurses. Thomson Holidays and Intasun may have started the discount package tour war, but other operators and travel agents have fol-lowed. The Leeds-based Nat Holidays group offered 500 coach holi-days to France through Lunn Poly shops at £5 as a "protest" against

Another agency is offering £5 to have a 10-day holiday in France free to the first 100 callers

the price war. They were sold with-

Reagan aide cites 'astounding' progress on Star Wars project

RESEARCHERS on the US Strategic Defence Initiative (SDI) have made "remarkable and in some cases astounding progress' since the project started two years ago.
Dr George Keyworth, President Ronald Reagan's science adviser, said in London yesterday.

not know their destinations until a co-operation project) that the advances had convinced scientists that a shield to defend the West from Soviet missiles was feasible. Such a system would not necessarily have to defeat all missiles

aimed at targets in the US and Western Europe, he said. A "leaky defence" would make Soviet planners uncertain. It would also remove the possibil-

ity that a Soviet first strike could destroy all Western weapons installations capable of retaliating. Prof Paolo Fasella, director general of science research and devel-

coment at the European Commission in Brussels, said the proposed Eureka programme should not be seen as a rival to SDI, also called Star Wars. But he voiced the concern that Star Wars, on which the US plans to

spend \$33bn (£22.8bn) by 1990, could attract European researchers from more commercially oriented He said he would like to see five

or six big technology projects emerge from Eureka, which will be discussed at a ministerial meeting of European countries in Hanover today. Prof Fasella said the Eureka pro-

gramme could help the EEC to catch up with the US on research and development funding. The US annual outlay for this is \$97bn, roughly twice the sum for the 10-nation EEC, he said.

Dr Cerold Yonas; chief scientist that we didn't know were there." at the US Defence Department's SDI organisation, outlined the ad- of Modern History at Oriole Colvances in a series of specific Star lege, Oxford, gave an address on Wars technologies, such as sensors, the political and strategic assessoptics and computers.

The programme was moving to

FINANCIAL TIMES SDI and Eureka

used for an operational Star Wars system in the next decade.

Opening the conference, Lord Chalfont, chairman of the all-party defence group in the House of Lords, said plans for Star Wars could be expected to be resisted by bureaucratic groups, which had an inbuilt tendency to oppose anything

Western Europe should support the research programme and seek to become involved in its planning. But he warned that technology transfer could pose problems to

For instance, the Pentagon could object to sharing with its allies technologies involving sensitive parts of SDI.

Dr Alien Puckett, chairman of Hughes Aircraft of the U.S., said Star Wars involved different technologies which were converging to-wards dramatic new applications

that could have an impact in many

areas apart from defence. "We should expect to discover new phenomena and totally unexpected results. We will open doors

nt for the Star Wars programme. He discussed the costs and benethe stage where engineers would at-fits of research on an anti-missile tempt to mass produce devices such shield and how this would interact

Also on sale were 100,000 "mys
Mr Keyworth told a Financial tempt to mass produce devices such shield and how this would interact tery" Thomson holidays for £79 and

Times conference on SDI and Eureas small anti-missile warheads and with other military and political

Prof Howard said the SDI programme could lead to increased international tensions, for example by leading the Soviet Union to increasing its own efforts on develop-ing offensive and defensive

Dr Barry Boehm, chief engineer in the defence systems division of TRW, said Star Wars would involve many important developments in computers, for instance in the control system to supervise the elements in an anti-missile shield. Several European research institutes were doing work in software developments that could be applied to Star Wars research. Such institu-tions included the British universi-

ties of Newcastle, Cambridge and Prof R. V. Jones, Emeritus Professor of Natural Philosophy at Aberdeen University and a wartime science adviser to the British Government, was generally sceptical of the technologies required for Star

It was difficult to imagine adv ances in areas such as the aiming of space weapons that could lead to a working defensive system.

Many of the technical arguments proposed by US critics of Star Wars, from the Union of Concerned Scientists for example, had not been

> Britain to set up SDI office, Page 13



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UK NEWS

Argentina faces steel dumping accusation

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the late Supply

BRITISH STEEL Corporation slightly above the £255-a-tonne the exact quantity of steel it was exceed against the first consignments of Argentine steel to come to British above the £255-a-tonne basis list price on tonnes – equivalent to a quarter of ain since the end of the Falklands

war in 1962. Consignments are being arranged by steel importers Harlow and Jones and by some German merchants. The German-imported steel is planned to arrive in the UK late this year, and the Harlow and Jones consignment will arrive late

BSC is understood to be building up an anti-dumping dossier that might lead to a case being present-ed by its lawyers to the EEC and

the governments concerned. Harlow and Jones is planning to import up to 10,000 tonnes of commercial-quality cold rolled coil steel - the type that could be used

The company aims to sell the facturers at the same pane steel at around £270 a tonne basis ish Steel sells to large buyers."

The company would not confirm

tunnel plans put forward by Mr Ed-

ward Heath, the former Tory Prime

Minister, in 1970-74, yesterday an-

Mr Powell, now the official

Unionist MP for South Down, said

in a speech to businessmen in

Reading, Berkshire, that he would

support a fixed Channel link as

long as it was financed entirely by

He described the Heath Govern-

ment's plans for a publicly financed

tunnel as one of the policies he had

found unrecognisable and unac-

He said: "This is just the sort of project which makes all the wrong bells ring; once public money comes

in through the door, political cau-

tion and good judgment go out of

"If a fixed link could be financed

by genuine private capital, I say

hurrahl and will cheerfully vote for

any enabling legislation," he added.

financed fixed link have been pro-

Detailed proposals for a privately

nounced a change of heart.

BY KEVIN BROWN

private capital.

ceptable".

to Channel tunnel

MR ENOCH POWELL, a leading nels; the Euroroute consortium, Conservative opponent of Channel which proposes two bridges linked

6295-a tonne basis list price on smaller quantities. Harlow and one week's present output from a Jones, and British Steel would then plant such as British Steel's at add an average of £10 a tonne for Lianwern, South Wales.

extras and delivery.

Harlow and Jones say.

"Argentine steel is very competi-tively priced and we have not been able to import any for years because of the embargo," said Mr David Lloyd, Harlow and Jones

The embargo, imposed at the end of the Falklands war, was lifted in July this year, reopening the way for Argentine steel imports. "We will not be selling it at less than British Steel would charge to a major customer such as GKN or

British Leyland," said Mr Lloyd. "We will be providing it to medifor car bodies but is more likely to be used for filing cabinets or car ponent suppliers to the automotive dustry or office furniture manu-

by a tunnel; and Sea Containers

which plans twin road tunnels plus

flict of interest between his views

as "an anti-Common Market nation-alist" and his support for a fixed link. He said nothing that improved communications between the UK and the European continent carried any implication that these graph to

any implication that there ought to

Anything that facilitated the ex-

change of goods and services was bound to increase mutual prosperi-

ty and should be endorsed unre-

servedly. The only requirement was that the cost of a fixed link must be

more than offset by the advantages

likely to accrue for transport and communication. That was a judg-

ment that should be left to the

Mr Powell said there was no rea-

son why a fixed link should under-

be a common legislative authority.

Mr Powell said there was no con-

Powell drops opposition Branson

pecting to import, but Mr Lloyd thought it would be about 10,000 tonnes - equivalent to a quarter of

Harlow and Jones says it will sell the Argentinian steel at the same price as Brazilian steel in the UK, and comparable steel from other

cheap producers. British Steel has been upset in recent weeks about cheap imports from South American countries in-

cluding Venezuela and Brazil. There had been speculation that British Steel would respond to the threat of cheap imports by introducing a 4 per cent price cut. BSC denies that, but the wide range of tariffs available sometimes makes it

difficult to tell when price cuts take BSC has announced, however, that there will be no price increase from January 1 for that type of steel

plans new

air route

VIRGIN ATLANTIC Airways is to start scheduled services between

London and Miami next spring with

an introductory single fare of £99. Virgin is to buy a second Boeing 747

Jumbo jet to operate the mute.

Mr Richard Branson, Virgin

chairman, said the all-inclusive £99

"The return air fare of £198 on

Virgin is to start the service from

Gatwick Airport - London, on April

19. The fares are expected to be

with fire-blocking seat materials by

the end of January 1986. The Civil

Aviation Authority has set a dead-

line of December 1987 for this mate-

rial to be fitted in all UK-registered

Virgin has no plans to remove

any of the 10 emergency passenger doors on either of its two Jumbo air-

craft. British Airways has sealed

available from next month.

London-New York service.

Am and Eastern Airlines.

son said.

By Lynton McLain

Britain to establish own SDI department

By Peter Marsh THE MINISTRY of Defence is setting up its own Strategic Defence Initiative (SDI) office to help British companies that want to become

involved in the \$33bn US Star Wars project.
The move by the ministry follows last week's interim agreement between Mr Michael Heseltine, the Defence Secretary, and Mr Caspar Weinberger, his US counterpart.

setting out general terms for UK participation in the programme.

The understanding between the two politicians, which covers areas such as the technologies where Britain could play a part and details

over technology transfer arrange ments, is due to be discussed by the UK Cahinet in the next week or so According to the ministry, Mrs Margaret Thatcher, the Prime Min-ister, and other ministers will have

to agree to the understanding reached by Mr Heseltine before a formal agreement with the US over Star Wars is reached. The SDI office will probably have a staff of between six and 15 peop and act as a counterpart to the US Defence Department's SDI organi-sation. It will provide a focal point for British companies and research

groups which want to join specific areas of the programme. According to the Defence Ministry, a formal agreement between Britain and the US governments on participation in Star Wars should be finalised in the next few weeks It is hoped that this will be reached before the summit meeting between US President Ronald Reagan and Mr Mikhail Gorbachev, the So-

viet leader, in Geneva on November

economy fare was £140 cheaper than the equivalent fares offered by Virgin's rivals, British Airways, Pan More jobs to

STC, the troubled telecommunica tions and computer company, plans to shed 166 of the 580 jobs it is semiconductor division in Foots Cray Kent, as part of a cost-cutting drive This brings to about 1,700 the

number of redundancies appropried by STC since early August, when Sir Kenneth Corfield was replaced by Lord Keith of Castleacre as chairman and chief executive. STC

ue with a planned £60m investment to mass-produce microchips at Foots Cray, where it is building a new factory. Production had originally been

due to start early next year, but the company delayed installing equip-ment pending the completion of re-ports by independent consultants asked to assess the project's commercial chances.

of mature components, such as power and discrete semiconductors. In the six months to June, STCs op-

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Rescue bid expected for Edgley Aircraft

duced by several groups, of and are at present being considered by the British and French governments. A condition of construction should be that any facilities neces-

The strongest contenders are sary for rapid destruction of the thought to be the Channel Tunnel link should be built in, ready to be Group, which plans twin rail tun-

BY LYNTON McLAIN

aircraft, in receivership since last month, is trying to form a consorproduction in the UK. Mr William Purbrick, who was

the sales and marketing director of ership with 45 aircraft in various Edgley Aircraft, before the board of stages of manufacture. The compathe company called in the receiver ny had firm orders for 16 aircraft on October 21, is leading a group of and potential orders for 100 aircraft, but the receivers planned to over the company.

topher Barlow and Mr Martin Iredale, the official receivers from Cork Gully, chartered accountants, The receivers made 238 staff re-

dundant at Edgley Aircraft's factory would near Salisbury, Wiltshire, last timm.

6-3

A FORMER director of the compa-ny making the Optics observation people. Some were people with people. Some were people with shopfloor skills. The company was continuing to make Optica aircraft, tium to buy the assets and continue Mr Barlow said on his appointme

Edgley Aircraft went into receivny had firm orders for 16 aircraft reduce the rate of aircraft produc-Mr Purbrick is to submit his pro-posals leter this week to Mr Chris-making aircraft to fulfill the firm tion. Work would concentrate on There was no indication whether

Mr John Edgley, the designer of the glass-nosed Optica and the founder and chairman of the company, would join the proposed consor

go at STC By Guy de Jonquieres

Virgin Atlantic is cheaper than the lowest one-way standby fare of-ferred by the other airlines on the London to Miami route," Mr Bran-

The airline plans to operate four flights a week to Miami. The extra Jumbo will also operate three addi-tional flights a week from Gatwick mine the geographical isolation of Britain which he has argued is of viby Virgin. The extra frequencies will give Virgin a to New York, a route already served by Virgin. The extra frequencies will give Virgin a to New York, a route already served by Virgin. employs about 45,500 people.
The company is expected to decide this month whether to contin-

The airline is to fit this Jumbo

Most production at Foots Cray is

two of the doors on its fleet of 28 Virgin flew on the Gatwick to
New York route with the aircraft 98
per cent full this summer. This

recent that many and in market. distributions of electronic compo-nents fell to £4.6m from £11.1m in meant that some people, in particular business passengers, were un-able to fly on the airline. the same period the year before.

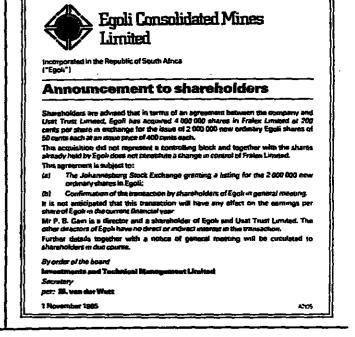
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Hartsfield International Airport. It's the largest aimort terminal in the world. And, with 39 million people a year passing through its gates, it's the world's second busiest.

within two hours of 80% of the American population. And makes simple business of travelling to almost any country in the world. In addition, Hartsfield has two of the largest air-cargo storage facilities anywhere. The airport, though, is

merely the most visible part of Georgia's exciting transportation package. For the company that relies on ocean shipping, the deep-water ports

of Savannah and Brunswick are just as attractive.

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UK NEWS

Philip Bassett on how unions are facing high technology

A long struggle for the future

OUT ALONG the M4 motorway west of London, up in Scotland's Central Lowlands and clustered - the prizes for Britain's beleague-red trade unions: new industry, new jobs, new members.

High-technology companies, with service industries, are widely thought to be the future main sources of new employment and of new members for the unions. Unions have been trying to organise in the service industries for years. It has been a king haul, with few successes and some spectacular

Essentially the service industries are familiar, if relatively unproduc-tive ground. High tech presents new problems and challenges old ways. Some unions are trying to meet these but most are not. Few will enjoy the luxury of not having

Those unions with the highest ambitions to organise in high tech such as Tass, the white-collar engineering union, the electricians' union EETPU and the white-collar ASIMS, base much of their hopes on historical parallels.

They point to the largely unorga-nised car industry in the 1930s and They point to the largely unorga-nised car industry in the 1930s and to its highly unionised state 50 years later. "We're running a mar-athon here," said Mr Bob Eadie, the EETPU official trying to win mem-

leaflets in factories, waiting for a where much of the products and response, inviting workers for informal talks at local hotels and mailshots to their homes.

It means hard work, waiting, in some cases, for people to turn to the union; like the case of redundancies announced earlier this year at are finding it immensely difficult to that it should. National Semiconductor in Scotland when the assistance of the Tuchfeld said. They were in consid-was its opposition EETPU was sought.

Difficult, but the reality is probably even more problematic. Two of the unions most closely concerned -Tass and the EETPU - spoke last attract members. Tass especially week at a conference, probably the needed to do so: much of the equiva-

ing in high-tech.

Ideologically poles apart, they members, now it was effectively were brought together by the difficult task, and the little headway

**Software companies pay high made so far.

Every union thinks that they have found a way of dealing with it but we haven't," Mr John Tuchfeld, Tass national officer, told the conference, staged by the Technology Policy Unit at the University of As-ton, Birmingham, in the Midlands. Mr John Spellar, EETPU national

processes are high tech; and third, unions, clearly a cardinal sin, companies in manufacturing and He stressed that the unions apindustry which are increasingly adopting the newer technologies.

An example of the first area high-lighted was software houses. We organise software personnel," Mr Tuchfeld said. They were in consid-erable demand and could set their

own price, he said.

As long as demand was high, there was little unions could do to first of its kind, of unions organis- lent work now done by software

> wages. Their employees don't see the need for a union. And we aren't at the moment making any head-way at all with persuading them The about the moral position."

two linked strategies for the electricompeting with each other; not ang-cian's controversial strike-free ceeding much yet, but with some seven sites around the country and the unions camping on its doorstrp. ready to be brought to companies

Scotland's Silicon Gien.

The process involves distributing communications manufacturing, and at once undermining public education in factories, waiting for a where much of the products and ucetion and commercialising the

proach was not necessarily the final stage in industrial relations devel-opment it not only would change, is was part of the EETPUs approach

What united the audience most was its opposition to the views of Dr. Hazel Dowling, a research officer from the National Communications Union (NUC). She spoke defeasive. ly about protecting NUC memb interests against the impact of new technology. She insisted it provided no benefit for those working with it

For most unions, especially in the private sector, such arguments

carry little force.

The use of technology is not a vague question, its use is a growing

The unions' problem is dealing our me moral position." with its impact on members. They
Mr Spellar outlined the EETPU's are trying different ways, other deals and the union's growing impact - witness Nissan, which did retraining programme, being run at a deal rather than face 10 years of

Perseverance will be everything. where access to the EETPU's train- but the unions will not give up - too

Life premiums up 15% in third quarter

A RESURGENCE in sales of individual life contracts by life companies in the third quarter is reported by the Association of British

In what is normally regarded as a quieter sales period, new annual premiums were 15 per cent up on the third quarter of last year, from the third quarter of last year, from stage, premiums for this business £244m to £281m, while single premium sales were 9 per cent ahead at £675m against £618m.

However, this recovery was insufficient to make up the ground lost in the first six months, in particular the first quarter, when sales were dull. At the nine-months stage, overall annual premium sales were 13 per cent down on the same year's budget.

period last year from £925m to

Unit-linked business is showing the most resilience to the setback earlier this year, with new annual were only 8 per cent down at £214m

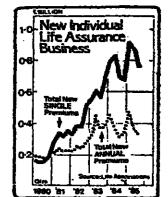
The other success story is in the has been dull ever since the ending of tax relief on life premiums in last

Premium growth in the third quarter was 16 per cent from £52m to £60m - the highest growth rate since the budget.

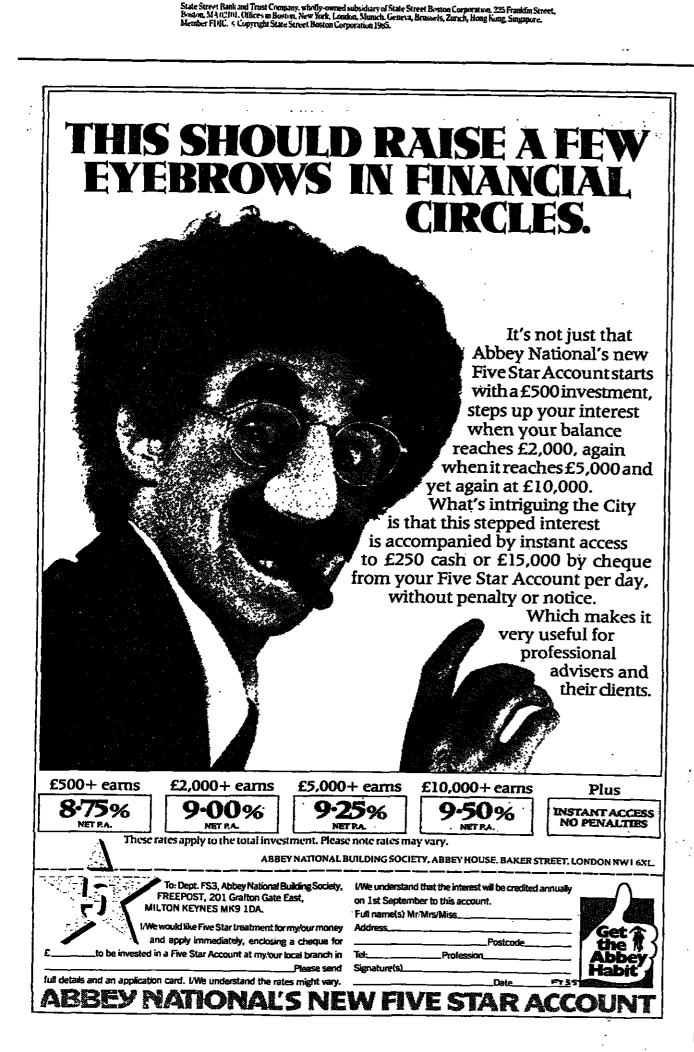
Conventional life business is still lagging behind, however. There was a 10 per cent improvement in annual premium sales in the third quarter from £134m to £147m, but sales were still 20 per cent down at the nine-month stage.

Linked bond sales were nearly 50 industrial life business which in-volves small premiums paid weekly than last year at £543m against or monthly and collected by agents C373m. This growth reflects the in the homes of policyholders. It continued entry of more traditional life companies into this sector.

Traditional single premium sales were nearly 50 per cent down in the anteed income bond market.



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With the opening last month of the Cornerhouse, in a converted furniture store next door to the Oxford Road Station, Manchester at last joins such pioneers as Bristol (Arnolfini), Cardiff (Chapter), Glasgow (Third Eye) and one Glasgow (Third Eye) and one or two other cities, with an art centre of its own. Better late than never; but it is only fair than never; but it is only fair than any other that bears conto Manchester to point out that while certain of those other authorities fortunate in long established and distinguished realished and distinguished the Cornerhouse has been set up at a capital cost of some 11.4m, of which a substantial portion has been met by the portion has been met by the the close physical relation of councils of the city itself and of old work to very new, in a time Greater Manchester. Private when some would persuade us

The art centre as idea and benefactors of all kinds have principle has so much to recom- also been generous in their support, and now with less than £50,000 still to find, the end or rather the true beginning is in sight. In that final state the Cornerhouse will have three cinemas to complement the three galleries, the bar, cafe, video store and bookshop of phase are prise is the degree to which it cornerhouse will have three has always had to wait upon private initiative, rather than immediate civic support, to give it substance. The case has been well made many times.

New life is given to solid, prac-

chosen by Norbert Lynton, an eminent teacher and critic, and fills all three galleries until November 17 (open daily except Mondays). What in fact he offers us is a rich and engaging, if not entirely digestible, melange, of British painting, sculpture and photography of the past half century that takes the human condition, one way or nother, as its subject. The material follows no chronology but rather is dis-

chronology but rather is dis-posed in seven loose categories of general preoccupation that at times merge and overlap. What with the dense and busy hang, and the fact that many of the artists crop up in several places, this can lead to a cer-tain creative confusion. It is all top easy for the Lean Kossoff or too easy for the Leon Kossoff or William Roberts of "Reinventing the Figure" for example, inadvartently to beg consideration as part of "Company," and vice versa. But this is less fault than bonus, if of a somewhat toosing and discriming hinds



Manchester Cornerhouse/William Packer

that the new figurative expres-

pop-art old hat, or abstraction finished, is very much to the

After a while, however, the immediate categories fall away to allow us at last to take the exhibition as a whole. Then begins the proper engagement with the work and its real test. How good it is to see the Jock McFadyen, Paulo Rego and Amanda Faulkner of today against John Bellany and Ken Kiff of 10 years ago, against David Hockney, Michael

sionism is a radical departure, 20, Francis Bacon and Keith Freud, and Steven Campbell, the latest young lion, beside Stanley Spencer. There too are the young romantics, Adrian Wisniewski and Andrzej Jackowski, who may be aware only now of Robert Medey's bucolic lyricism of the early 1950s.

The final and perhaps the chief pleasure in an exhibition of this size and nature comes

Andrews and Roger Hilton of with the close experience of 20, Francis Bacon and Keith Vaughan of 30 years ago. There is Jack Crabtree, an artist in mid-career yet still too much overlooked, to set beside Lucian Freud, and Steven Campbell, the latest young lim beside to the control of the con savour the recollection of the large Keith Vaughan of 1950, Interior at Minos, and Medley's Summer Ecloque of 1951, the tiny war-time Victor Passmore study of a girl with a mirror, a window by Henry Inlander of 1967. Laura Knight's Raby Loftus Screwing a Breech-Ring of 1943, is painted with a free-

photographs by Paul Hill and Bill Brandt: so many things to The great civic art galleries

dom and boldness that realism belies. Sculpture by Davies, McComb and Moore,

and museums were of course the art centres of a sort to previous generations and the wonder is that so many of them not only struggle on but flourish. The extension to the Leeds City Art Gallery, with its special galleries and scalpture study centre funded by the Henry Moore Foundation, was opened by the Queen three years ago.
Its current offering is a small and exquisite celebration of still the grand against the popular. life painting since 1600, with an occasional foray into sculpture, entitled with some justice The Irresistible Object (until December 8). Again chronology is sacrificed to category and to the same advantage, with the point made at the very start by hanging a tiny Lucian Freud squid and sea urchin beside a study of 1661 by Jan van Kessel of butterflies and other insects, set out severally across the page as in a specimen case. Together they represent the Spirit of Enquiry, and so we go on through Flowers, Vanitas, Table Pieces and the Rumble Object at last to the Deception of the Eye. We come upon Morandi's three small pots be tween Chardin's oysters and bottle and Miss Jekyll's gardening boots by William Nicholson.
a run of flowers by Manet, Fantin-Latour, van Huysum and
Ivon Hitchens, Snyders' huge
Game Stall and then a magnincent late Cézanne of oranges, a

Victor Hugo Exhibition/Paris

Magda Hamsher

imposing exhibition in the Grand Palais. It adopts an unusual approach to the Victor Hugo phenomenon: the three floors are devoted, not to the great man's own achievements.

but to how he has been glorified over the years.

In 1882, 600,000 people filed past his house; in 1885, two million watched his funeral procession from the Arc de Triomphe to the Panthéon.

Eponymous words were coined

—like "Hugolatre" and "Hugophobe" — expressing the phobe" — expressing the extreme reactions of adulation or hatred which he provoked.

photographs and reproductions cut-outs and pochoirs, with and even by his portrait on a splotches and smudges of ink, banknote. His political activi-ties also kept him in the head- for dating from the 1850s.

The celebrations marking the lines. His poetry featured in centenary of Victor Hugo's every schoolbook; in 1832, death have culminated in an when he was 30, there was already an edition of his complete works. Great painters were inspired by his work: musicians by his poems and actors by his dramatic work. There are photographs in the exhibition of Sarah Bernhardt as the queen in "Ruy Blas." But none of this seems to im-press the Parisian public. There have not been any of the ritual queues winding round the Grand Palais as there were earlier this year for the Impressionist and Renoir exhi-

But across the road in the Petit Palais an exhibition called Soleil d'encre, showing 700 of exhibition, as is the contrast of the grand against the popular.

Among the two rows, of the poet's drawings and a choice of his manuscripts. Hugo's busts by different sculptors is an impressive the model of his catafalque under the Arc de Triomphe, an image later found reproduced in a tableau made of hair by a hair-dresser. An official portrait by the distract attention from his distract attention from his to distract attention from his contract. dresser. An official portrait by a hair hoosy and did not want them dresser. An official portrait by to distract attention from his written work. Their graphic with a patriarchal beard personifying the conscience of his contact, a sonifying the conscience of his contact, a Turner-like haze in the caricatures mocking his vast the landscapes, though Hugo's forehead—A group of Rodin's are nearly always black in sculptures of Hugo is followed by cigar boxes, bottles and on, and cane tops, pipes and chocolates modelled like him.

The cult of Hugo was perpetuated in his lifetime by photographs and reproductions cut-outs and pochoirs, with

King Olaf/Festival Hall

Paul Driver

Scenes from the Saga of so effective and attractive as King Olaf, Op 30, is one of four the earlier Longfellow ballad-cantatas which Eigar composed in the years leading up to the new century and the from Vernon Handley's meticular there were the second of the same of the second of the same of achievement of Gerontius. (The other three are The Black Knight, Op 25, The Bunner of St George Op 33, and Caractacus, Op 35.) It is an ambitious, evening-long piece, bedevilled by a libretto after Longfellow, crudely adapted by H. A. Acworth, which abounds in bathos and coy archaism. Since its early run of performances (the premiere was in 1896) it has rarely been heard. 1896) it has rarely been heard.
and there is no current record-

ing But the London Philhar-monic Orchestra and Choir, under Vernon Handley, gave it an airing on Sunday night, and are about to record it for EML The cantata is formed as a series of loosely related stories — supposedly told at a gathering of Scandinavian bards — about the exploits of Olaf, a Christian king somewhat recollection and constant on conwhat recklessly bent on converting his pagan countrymen. The format does not work particularly well mainly because Elgar fails to create a

general and compelling sense of atmosphere, a musical feeling of time and place. The desultoriness of the text would not be much of a problem if he had succeeded in this. As it is, the work seems overlong, lacking in moments of authentic inspiration, and not nearly it a signally low point.

Holiday for £12,100—it depicts

Carroll.

Saleroom/Antony Thorncroft

Record for Boys

-and Phillips

conveyed a satisfying impression of the first half's massive musical solidity), and from the LPO Choir's versatile contributions It's pre-eminently a choral piece and the LPO voices were well able to relish their diversified opportunities — in blustery explosive choruses such as The Challenge of Thor, or in the a cappella dainty one. As tor-rents in summer. The choral ballard, A little bird in the air, fleet-footed and wistful, brought the evening's only reminder of Elgar's sovereign imagination.

But there was little the choir could do to prevent such developments as the recitative After Queen Gunhild's death from sounding dreary. Nor did the three soloists impart to proceedings much in the way of poetry Cook took the bass roles with adequate authority, but tenor Anthony Rolfe Johnson (Olaf) often seemed over-taxed by his part and obliged to rely heavily on falsetto in the upper register Teresa Cahill sang pleasantly, but not with perfect clarity. She and Rolfe Johnson in the soprano and tenor duet that is a climax of the work (The gray land breaks conspired to make

New York opera/Andrew Porter

Strong Met cast fails to meet the challenge of Khovanshchina

new production of the Met sparsely furnished that his memorable. Amid the conven- But on the whole it was an the second bassoon and the Chusid's. It didn't always flow Hines, in English, and in the on the floor. Rimsky-Korsakov version. Now it is in Russian and in the it is in Russian and in the paper Martti Talvela as Dosi-Shostakovich version, which theus, Aage Haugland as Shostakovich version, which thems, Aage Haughard as poses greater challenges but Khovansky, Wieslav Ochman as offers greater rewards when its Golitsin, Alan Monk as demands are worthily i performance was lit by the Martha of Helga Dernesch, who made an unheralded Met debut, taking over when Florence Ounvar withdrew. An intense, intelligent dignified and potent artist, Miss Dernesch was very moving in the great role—the woman in whom all the threads of the drama meet and cross, an Ulrica, Cassandra, and Donna Elvira in one.

For the rest, there was an ddly plain, characterless, undetailed production by Angust Everding. His brief to the designers. Ming Cho Lee for the sets and John Conklin for the costumes, was apparently to avoid pageantry and any sense of period.
Mussorgsky, I think, counted
on these (as he did in Boris); his aim, like Verdi's, was to infuse the resources of grand infuse the resources of grand opera with what both composers called "truth," not to scrap them. Simple shapes spanned the stage. People scurried on and off for no discurried on and off for no discurried on and off for no discurried reason (just "to keep things going"). Prince Golit. German Boris, answered by the

season. The company last did it harpsichord had to double as tions that make up opera, one imposing performance. in 1950, with Risë Stevens, a serving-table, and his guests more is easily accepted.) Neeme As Gilda, Cecilia Gasdia Lawrence Tibbett, and Jerome had to set their drinks down Jarvi conducted very plainly, made her American debut. She The cast looked strong on

> language: Golitsin's and Shaklovity's reflective monologues and the quarrel of the princes need to be followed in detail—or else to be sung with the variety of inflexions and tones which can hold spell-bound even someone who does not understand what is being sung. Max Loppert, reviewing on this page Covent Garden's latest Khovanshchina revival,

Khovansky Nesterenko's achieved this. No one in the Met cast did except Miss Dernesch, and even she to this listener with but a few words of Russian-was less telling verbally than she is when she sings in English or German to listeners who understand her. (I see no objection

Susanna were both omitted.

* * .

what drab in performance. I Rigoletto, given by Riccardo last year), but hardly one with suppose it was partly a matter Muti and the Philadelphia the aristocratic grace, elegance, Complete Verdi Works being published by the University of Chicago and Ricordi, Conductor and edition, however, are hardly what matters most about this-or any — Verti opera. The star of the show was Renato Bruson, who is sometimes dull but some-Yevgeny times - as on this occasion uses his excellent haritone to perform with intensity and

> At his best moments he seemed to forget the concert platform and to fall into hunchback poses. But sometimes in recitative he became so slow. recitative he became so slow, so heavily emphatic and "expressive," that the dramatic impetus was lost. Denied the traditional, inserted high notes at "E follia!" "Un vindice avrai!", "All'ondal", etc), he signalled their absence by hanging down on the written added dynamics, as the "bad" old Ricordi scores — with the difference that the composer's and the editor's contributions are now distinguishable. For example: at the start of the orchestral introduction to "La donne e mobile" Verdi's only mark was a pp for the cim-

As Gilda, Cecilia Gasdia

rather squarely. The scene with is an efficient little singer, but the Pastor and the scene with she was somewhat charmless and unappealing in manner and in timbre. The Duke was Michael Myers, a young Ameri-Carnagie Hail was packed for can tenor, robust and vital (he Orchestra, and given in new and brio that the role needs. critical edition of the score, He gave a decent, carefully edited by Martin Chusid, which studied, conscientious perfor-forms the first volume of the mance. A Bulgarian mezzo, Alexandrina Milcheva, made little mark as Maddalena. The Sparafucile, Stephen Dupont, bad an interesting, dark timbre but lacked purity of focus and of pitch.

> The new edition has the shining merit of making clear exactly what Verdi himself wrote—provided one gives careful heed to typographical dis-tinctions, to the footnotes, and to the separate volume of textual commentary. Otherwise it is as profusely over-edited and "regularised," in the matter of added slurs and added dynamics, as the "bad"

others in English, were both notes so hard that they wobbled, basso; in early printed parts, -most of them Verdi's, some the com-pah-pahs!" Chusid extends this pp to all the accompanying instruments, to the pans as well as to the coms; and then he adds a gratuitous f to the tune as it sails out, four octaves deep, on piccolo, divided violins, and cellos, and gives it heavier accents. All in se eight bars contain 55 all, these eight bars con additions or alterations.

At Rigoletto's taunting of Monterone ("Voi congiuraste,") tradition makes—because the stage action suggests, and Verdi's markings implyamic contrasts between the grotesque figures accompanying the jester's "ridiculous assumption of gravity" and the soft string figures (marked ppp) beneath his sustained notes. Chusid indicates that the whole should be played softly. It's a point of view—but it's a per-sonal and debatable interpretation imposed on the score. Conductors who disagree will have to do an awful lot of work with white-out; it's easier to mark up a clean score and clean parts than to alter carefully printed ones.

Muti didn't disagree. faithfully conducted Chusid's interpretation of Rigoletto. He obtained exquisite instrumental playing and lucid textures. He Peter Glossop does some later

double-bass were also given a easily or naturally, for the pp; the message seems to be singers were held on a tight "Don't bang out the OOM of rein. Rubato seemed to have been worked out meticulously in advance, and little was left to the inspiration of the moment. Cadenzas (except for one anxious little flourish from Myers) stuck to the printed notes. But it was a caring, dedicated, intent performance. It's good to have this careful

edition of the score. Errors have been corrected. Hundreds of absent indications have been judiciously supplied. hope future volumes won't be quite so tightly concerned with consistency (a different phras-ing of the same figure, when repeated, can be significant) or quite so insistent on providing interpretation for passages whose precise weighting Verdileft to the judgment of indivi-

Helge Rosvaenge made his New York debut at the age of 65. Peter Pears made his Met debut—a memorable Aschen-bach—at the age of 64. Giuseppe Taddei — a singer whom the New Grove wrote about in the past tense ("Taddei was one of the most versatile and gifted baritons of the postwar period)—has just made his Met debut as he approaches his 70th birthday. He sang Falstaff, and has had a huge success. sought the sense of each detail performances.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theetre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Nov 1-7

Opera and Ballet NETHERLANDS

Netherlands Opera production of Tchalkovsky's Pique Dame (in Russian) directed by David Pountney. The Netherlands Philharmonic unand recuernments riminarmonic the der Edo de Wanrt, with two choirs and members of the National Ballet. Cast headed by Jan Blinkhof, Henk Smit, Elaine Bonazzi and Helena

Smit, Elame Bonard and Peters Doese (Mon). (242311). The Compagnia d'Opera Italiana with La Bohème. The Postis Symphony Orchestra of Budapest and the Bucharest Musica Choir. Mon in Amsterdam, Carre Theatre (225225), Tue in Amstelveen, Cultureel Cen-

talanchine programme from the Na-tional Ballet Concerto Barrocco, Monumentum pro Gesualdo, Movemenumentum pro changed, harve-ments for piano and orchestra. Tchaikovsky pas-de-deux, and Sym-phony in C. Mon in Venlo, De Mass-poort (43131), The to Thur in Amsterdam, Stadsschouwburg (242311).
Thesier on tour with

Moves (Robbins), Lore Songs (For-sythe) and Ghost Dances (Bruce). Mon in Lecuwarden, De Harmonie Mon in Leeuwaruen, De Harmonie (139225), Tue in Groningen, Stads-schouwburg (125645), Wed in Utrecht, Stadsschouwburg (319241), Thur in Tilburg, Stadsschouwburg

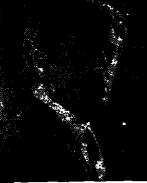
Dance Theater of Harlem in the tramswork of the Paris Internation-al Dance Festival at the Théâtre des Champs Elysées (7234777).

Bercelona: Moses und Aron by Schoenberg Orquestra Simfonica i Cor dei Gran Textre conducted by Uwe Mund and performed by Franz Mazura, Wolfgang Neumenn, Su-sanne Calabro and Czeslava Scania. Gran Teatre del Liceu, San Pablo 1. (Tue, Thur). (3189122).

Triesie: Teatro Verdi: Senson opens with These in Alberto Fassini's production conducted by Oleg Caetami.
Giovanna Casolla (Tosca), Vassili
Janulako (Scarpia) and Antonio
Beresorda (Cavaradossi), (531948).
Florence: Teatro Communis: Un Ballo in Maschera conducted by Gianandrea Gavezzeni with Luciano Pava-rotti (Riccardo), Piero Cappuccili (Renato), Maria Chiara (Amelia), Patricia Payne (Ulrica) and Patricia Pace (Oscar) in Sandro Segui's new production. (2779236). Venice: Gran Teatro la Fenice: Cost fan Tutte in Luca Roncom's produc-tion, conducted by Peter Maag.

WEST GERMANY

Cologne, Opera: This year's highly ac-claimed Salzburg production of Monteverd's Die Helmkehr des Monteverd's Die Hemiken des Odysseus, newly arranged by Hans Werner Henze, will have its German premiere this week. It is again pro-duced by Michael Hampe. The cast brings together Claudio Nicolai, Ul-rich Hielscher, Marianne Hirsti, Alian Bergins, Hanna Schwerz and Harald Stamm. The Magic Flute rounds off the week. (20761).



Daniel Bareuboins, who conducts Jean-Pierre Ponnelle's new production of Don Giovanni at the Washington Opera.

Similgart, Wurtzembergisches Staatstheater: Philip Glass's opera Echnaton, composed for Stuttgart is an
Achim Freyer production. Counter
tenor Penil Esswood is outstanding
Tristan und Isolde is steered to triumph by Waltzaud Meier and Manfred Jung in the leading parts, Also
offered Figaro's Hochzert and Don
Giovanni (20321).

Munich, Bayertsche Staatsoper: This
week's highlight is Don Carlos with
Eva Randova, Nicolai Ghiaumov and
Giacomo Aragall. Otello is worth a

Giacomo Aragall. Otello is worth a visit with Mirella Freni, Vladimir visit with sufferin Pero Cappucilli. La Boheme has Ileana Cotrubas in the title role, Tannhäuser and Macbeth complete the programme (21851).

Berlin, Deutsche Oper: To commemorate Berg's 190th anniversary, Wozzeck is offered with Karen Armstrong, Kaja Borris and Lenns Carlson. Lucia di Lammermoor has a new cast. The highly acclaimed Göttardämmerung brings together René Kollo, Matti Salminen, Catarina Ligendza and Cheryl Studer. Der Barbier von Savilla closes the week. er von Sevilla closes the week.

(34381).

Sanburg, Staatsoper: La Traviata, sung in Italian, isatures Julia Varady, Giorgio Zacanaro and Nell Wil-Frankfurt, Opera: premiering this week is Die Verkaufte Braut, pro-

duced by Christof Nel. Parsifal is conducted by Michael Gielen and has Pauline Tinsley as Kundry and Walter Raffeiner (25821). LONDON

English National Opera, Coliseum: the new production of Gound's Faust by Ian Judge, conducted by Jacques acôte with a cast including Arthur Davies, Helen Field and John Tomlinson, is notable for the company's return to the composer's original form for the opera - spoken dia-logue (instead of the more familiar sung recitatives) and song. Further performances of the current, not wholly successful Orpheus in the Underworld, with its Gerald Scarle

New Sadler's Wells Opera, Sedler's Wells Theatre: the fare for this week is an attractive mixture of opera (ibs quirkily poetic Traviata produc-tion borrowed from Opera North) and operetta (the new Merry Wid-ow, a successful mainstream production, and the HMS Pinatore reRoyal Opera House, Covent Garden: The Royal Ballet with The Sleeping Beauty, Two Pigeons and a tripl bill including the new Bintley, Son of Horus. (240 1066).

BRUSSELS

Cirque Boyale (2182015): Tales of Hofman by Offenbach conducted by Sylvain Cambreling with Stuart Burrows, Jose Van Dam, Rita Gorr.

TOKYO

WASHINGTON

Manon Lescaut: In the original lan-guage by Fujtwara Opera Company. Tokyo Bunka Katkan. (3715384; 3697020).

Washington Opera (Opera House): Jean-Pierre Ponnelle's new produc-tion of Don Giovanni conducted by Daniel Barenholm with Ranato Bruson opens a season that includes Eugene Onegin, Un Ballo in Masch-era, The Daughter of the Regiment and Christopher Columbus. Ken-nedy Center. (2334757).

CHICAGO

Lyric Opera (Civic Opera House): The S1st season begins with Otello star-ring Margaret Price, William Johns and Sherrill Milnes, conducted by Bruno Bartoletti and staged by Antonello Madau Diaz. The seaso has in repertory Madame Butterfly with Anna Tomowa-Sintow in the title role conducted by Miguel Gomez Martinez, as well as Samson, Anna Bolena, La Travlata, I Capuleti e I Montecchi, Die Meist La Rondine (3322244)

NEW YORK

Metropolitan Opera (Opera House): The week features the season's first performance of Cavalleria Rusticana and Pagliacci with Hildegard Behrens and Sherrill Milnes joining the repertory of Porgy & Bess, conducted by James Levine, with Roberta Alexander as well as Ner perta Alexander as well as Neeme Jarvi conducting August Everding's production of Khovanshchma, with Natalia Rom as Emma, Florence Quivar as Maria and Wieslaw Och-

Quivar as Maria and Wieslaw Ochman as Prince Golitsyn. Lincoln Center (362606).

Tango Argentino (Mark Hellinger): After a sold-out programme at City Center in June, this troupe of 30 of Argentina's top tango dancers, choreographed by Claudio Segovia and Juan Carlos Copes, takes a five-week turn on Broadway. Ends Nov 10. (7577084).

New York City Opera (NY State): Last season's premiere production of Philip Glass's Akhnaten is back in a week that also includes Andre Serban's new production of Norma, con-ducted by Richard Bonynge with Olivia Stapp in the title role and Robert Grayson as Pollione as well as Turandot and The Merry Widow.

Lincoln Center (370 5580).

Dance Theater Workshop: Rudy Perez
Performance Ensemble from Los Performance Ensemble from Los Angeles presents the premiere of Urban Toys among a mined repertory. Kamikaze Ground Crew from San Francisco performs with the Musical Wing of the Flying Karama-own Routhors a justing generally and Brothers, a juggling ensemble, in the continuing invitational Border Crossings celebrating the venue's 20th anniversary, 219 W. 19th St

Phillips held its most suc-Sotheby's in New York pro-cessful ever sale of English grammed an auction of top drawings and water colours yes-quality English furniture to terday, with the total topping catch the mood. £350,0000 and little left unsold. It contained

It contained eight This was a strong market last season but judging by prices at pedigree possible—almost this auction demand is still increasing, with London dealers competing fiercely for items in Clive of India around 1760. good condition by the best Clive was one of the richest men of his day when he returned of his day when he returned from India, and he expected the names. Wylde, in particular, was a heavy buyer. He paid £46,200, best when furnishing his as against a top estimate of London house in Berkeley £18,000, for an 1830 view of the Square. These chairs started St Germain l'Auxerrois quartier life there and were moved to St Germain l'Auxerrois quartier life there and were moved to of Paris by Thomas Shotter the family's country seat, Powis Boys. This was a watercolour re-Boys. This was a watercolour record for Boys—and for Phillips.

A watercolour by John Robert their marvellous provenance.

Cozzens, "Between Salerno and Eboli," was bought by Wylde were bought in at \$200 000

Cozzens, "Between Salerno and they failed to find a buyer and were bought in at \$200.000.

These apart, the auction did quite well, totalling \$2,623,142 (£1,790,541). Another aristro-cratic item, a George III gulter most famous model, was bought a design by Robert Adam and latent Adam by Agnew for £28,500 (top intended for Lord Derby's home estimate £8,000). This was one in Grosvenor Square, beat its estimate £8,000). This was one in Grosvenor Square, beat its of 16 studies Rossetti made of estimate at \$110,000, while a Jane in 1870; it had sold in Qianlong carved ivory slant the Rossetti auction of 1883 dressing bureau, reputedly for £11.

Another London dealer, ings, was below target at Colnaghi, paid £17,600 for a \$82,500. A Regency circular gilterancis Coles portrait of a wood table, formerly at Meregentleman while Hartnall worth Castle, Kent, sold for acquired The Duet by Henry \$71,500. acquired The Duet by Henry \$71,500.

his daughter and her friend Alexandra Kitchin, the favourite model of Lewis On November 26 Sotheby's is the selling a most remarkable find -a previously unknown gospel book of the Carolingian period. A study of a girl's head by The 9th-century Franco-Burne-Jones, a preparation for manuscript has 20 full-page his unfinished painting The illustrations and a mediaeval Chariot of Love, went to the binding. It had been at the Piccadilly Gallery for £4,950. abbey of St Hubert in Liège Wylde paid the same sum for until the French Revolution but The Rialto in Venice by was probably made around 860 William Collow. at the abbey of St Amand in With Washington awash last southern Flanders, Sotheby's is weekend with British aristo- expecting bids above £300,000 crats, on hand to see that the for this rare and exciting dis-National Gallery there is look-covery—only one comparable ing after the heirlooms they manuscript has come on the have loaned to the Treasure market this century, and that Houses of Britain exhibition, had just two decorated pages.

Dank of Scotland Money Market Cheque Account.

AFRIEND FOR TWO

FINANCIAL TIMES

Telegrams: Finantimo, London PS4, Telex: 8954871 Telephone: 01-248 8000

Tuesday November 5 1985

Looking for a strategy

outlook, under present policies, is becoming increasingly drab. The latest forecast from the London Business School, which sees growth subsiding to an annual rate of 1½ per cent over the next three years, with a rapidly deteriorating current account and almost unchanged unemployment may, of course, be inaccurate but it is not far from the current consensus. Some City forecasters, indeed, would regard it as over-optimiswould regard it as over-optimis-tic. With friends like these, the Chancellor must privately muse, who needs an effective Opposi-

What is certain is that no plausible forecast suggests that the British economy is likely to take even the first step along the road marked out in the "strategy" published by the Confederation of British Industy today as an inspirational pretoday, as an inspirational pre-Harogate. This is not in fact a strategy at all, but the usual mixture of horse sense, exhortation, special pleading and sheer wishful thinking which we have come to expect from Centre Point — a sort of industrial revivialism.

Desirable

The call for sharply accelerated growth, with no clear idea of how it might be achieved, is not a policy statement at all, but a rough calculation of British economic potential on the most favourable possible assumptions. However, it may have some use if it makes policy-makers more impatient with the achievements we can actually expect; and the CBI's relatively few specifics are nevedtheless well worth repeating, even though we have heard them before.

The industrialists are above ship is not only desirable but likely to become a fact within

THE medium-term economic Equally, the CBI members outlook under present policies, support the idea of a medium-

However, they clearly believe that a steady strategy should leave room for new policies; most interestingly, they seem more concerned with tax reform than with tax reduction, and regard reduction as the bast opportunity to achieve reform. We have long supported all these proposals and the Chan-cellor would no doubt priva-tely concur—though he would not support another CBI hardy annual (also worthwhile) a call for higher spending on the infrastrucure.

It is only in this last proposal that the CBI seems to suggest, even between the lines, that the Government should be doing something to stimulate growth rather than simply providing the conditions in which industry can do the job; but public investment is in this context a form of reflation. Indeed the CBI specifically argues that it is an economically productive alternative to supporting a large unemployed population. To judge by the current leaks and rumours from Whitehail the Government itself is edging towards this point of view. Some unplanned spending, in-cluding infrastructure investment, has survived the Star Chamber examination and the Treasury is now seeking to make faster asset sales so as to leave room for tax cuts despite this over-run.

Will this stimulate growth? The industrialists are above all concerned with a more stable more purist than the Treasury background for planning and investment. They strongly support UK membership of the European Monetary System. They would no doubt feel highly encouraged by the superstien in the Treasury may prove, argues implicitly that it will not; increased asset sales will have to be repeated year after year, it argues to cover a continuing revenue couraged by the suggestion in deficiency. However, if growth the LBS review that membership is not only desirable. does accelerate a little, the revenue gap will close itself likely to become a fact within The Government's determina-the next few months—but here tion to cut taxes is no doubt perhaps the wishful thinkers more party-political than Keyare in Regent's Park rather than nesian, but the effort could yet

China puts on the brakes

CHINA'S announcement yesterday of a ban on many vehicle imports over the next two years is the clearest sign yet of its determination to stem the outflow of foreign exchange and preserve its dwindling foreign exchange reserves. A rush of imported cars

began in the last quarter of 1984 and accelerated throughout the early part of this year.
Along with the flood of imported household goods, it was one of the chief reasons why these reserves have run down over the past year at an alarming pace-alarming, at any rate—to the usually prudent Chinese.

The country's appetite for imported goods, since the door to the outside world was opened by Deng Xiaoping, has proved voracious: total imports of cars, jeeps and tourist mini-buses in the first quarter of this year reached 27.461 - small absolute terms but an emphatic increase over the figure of 2,889 for the same period last

Refrigerator sales in the first three-cuarters of this year were up 500 per cent over the same period last year, electric fan of washing machines 100 per cent. The Chinese consumer is being allowed to flex his muscles and the result is

The effect on the country's trading position and its foreign exchange reserves has not been exchange reserves has not been beneficial. When, at the end of October. Peking finally published its foreign exchange reserve figures for the second quarter of this year, they showed that the country had \$10.8bn in foreign exchange at the end of June down from the end of June, down from \$11.3bn at the end of March.

Experiment

This was not as bad as the \$7bn to \$10bn forecast by some observers but was nevertheless a substantial drop from the figure of \$16.3bn at the beginning of October last year, just before the wave of imported goods and contract signings began to roll China is on its way.

goods and contract signings began to roll. China is on its way to recording a trade deficit this year, many times larger than last year's \$1.1bn deficit.

An element of stop-go always seemed probable in China's unique economic experiment. A country starved for so long of consumer goods was likely to cover-indulge itself at first, and then introduce restraint to let consumer goods was likely to over-indulge itself at first, and hold it, and will have to be then introduce restraint to let export earnings catch up.

The authorities have, for some months, been exercising increasingly greater central control over the economy, reversing an earlier trend towards devolution of power perhaps too hastily awarded to the provinces and cities.

The measures range from an import regulatory tax which increased duties by 80 per cent on some foreign goods, including cars, to a change in tech-nology purchasing laws. Local authorities now have to get central approval before contracts for technology imports can be finalised. Other measures, including a ban on the import of some items such as soft-drink production lines, are now under consideration.

Antiquated

Clearly, for those who trade with China, this trend is a worrying one. It evokes memories of the days when China concluded long and expensive agreements with expensive agreements with foreign trading partners only to back out at the last minute. Chinese officials who now say that Peking will honour existing deals can only be taken at their

The central problem, as the World Bank rightly points out in a major study of the country's economy officially released last month, is getting

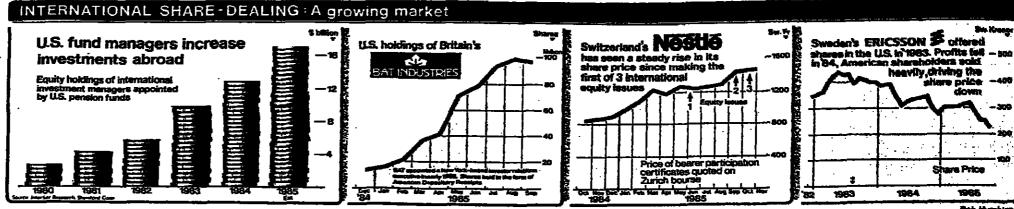
China's exports moving.

Purchase of foreign consumer goods has pre-empted the foreign technology needed to modernise China's antiquated technology. An ineffi-cient Chinese industrial sector is unable to compete effectively on world markets. China is also on world markets. China is also faced with the mounting pro-tectionism in its developed country markets. The seventh Five-Year Plan has, as one of its main planks, the increase in export income and this clearly has to remain a printip for the has to remain a priority for the

immediate future.

The risk is that the decline in the country's trading posi-tion, mounting corruption, the soaring food prices and uncon-trolled industrial growth are already being seized upon by the opponents of the open-door

INTERNATIONAL EQUITY MARKET



Round-the-clock trading brings a new challenge

By Alexander Nicoll

each offered shares in London in October. All are among the world's biggest companies in their respective fields.

None of these shares, however, will be listed on the London Stock Exchange. In fact, very few Stock Exchange member firms have been involved. The mechanisms employed—with no price discounts and no rights for existing shareholders—were a far cry from traditional British practice.

Everywhere, the equity traditional Briush practice.
Everywhere, the equity market is leaping established boundaries. The four issues, by Nestle of Switzerland, Italy's STET, Swiss Reinsurance and Swiss Bank Corporation (SBC), are part of a globalisation of major British and European share offerings now include portions to be sold outside domestic markets. An international approach to share issues attracts companies because they believe that a broader international share-— thus making their shares more useful in acquisitions and vulnerable to a takeover

FOOD manufacturer, a

communications concern,

a reinsurer and a bank

are part of a globalisation of the equity market that is chal-lenging assumptions about where and how to issue shares, and about who will own and trade them.

The revolution has not only

embraced issuing methods. A round-the-clock trading market has begun to develop in the shares of the world's biggest companies, both outside domestic markets and time zones and away from stock exchange trading floors; the

change trading floors: the so-called "upstairs" or over-the-

This process poses great

Regulators must ensure

that investors are protected by adequate standards

Stock exchanges are having to fight to retain business by

extending trading hours and forging links with other

London's Stock Exchange has

nding heavily on technology,

trade them.

counter market.

quoted companies.

Some, especially from Scan-dinavia, have turned abroad because their home markets are too small to raise sufficient It is no coincidence that the move towards globally issued and traded equities is similar

challenges for regulators, stock A leaping of

established boundaries

by adequate standards
of disclosure, accountability
market price visibility, trade
reporting, and regular dissemination of information about in many ways to the beginnings of the Eurobond market 20 years ago. Major players in that market; which has seen a record \$100bn of debt issued so far this year, are also prime movers of the new equity market. "Many of the forces which led to the international-

London's Stock Exchange has isation of the debt market are been stung by the global equity market into seeking technological and trading links with US Yassukovich, chairman of exchanges. In a separate effort to keep some international share trading within its grasp, have led to the creation of it is also exploring a joint what have been called Euroinvestment exchange with equitles, issues of which are foreign bankers as part of the current shake-up of the City's usually from London, through the rapid network of the Euro-

desired result. Most corporate to tap every available funding for its parent. treasurers, however, do not source as economically as need a rationale as specific as possible. It has raised SFr 950m and for shares that are already institutions. this to make them go interthrough a programme of three national. Many US and most Euro-equity issues swiftly dismanagers who, to beat the comhad to do the

tributed through the Eurobond syndication system. Its first foray was followed by several others, of which the most elaborate has been Swiss Bank Corporation's: separate under-writing syndicates were formed in no less than 10 countries. holder base will make for a Mr Hans-Joerg Rudloff, higher and steadier share price deputy chairman of Credit Suisse First Boston, which is the largest Euroboad issuing house and has led the Nestle and several other issues, sees and several other issues, sees misconceptions about the new market. "There are no international equities," he says disarmingly. "What we have are domestic shares distributed internationally. We are simply adapting the Eurobond under-

writing and syndication system to fit share issues." Despite the participation of leading Eurobond firms, issues such as Nestle's do not end up in the same hands as bonds. Bonds are moved quickly into the hands of banks and other institutions who are likely to trade them heavily. More enduring homes need to be found for shares, to prevent "flowback"— rapid sale back into the issuer's domestic market.

If this happens, it leaves the managers with handsome fees, foreign investors with a quick turn, and finance directors having failed to achieve their objective of a broader share-holder base and a sounder share price. After tranches of initial offerings by British Telecom and Reuters were sold in the US last year, for example, many shares quickly flowed back across the Atlantic.

"We try to find out long before an issue who the prospective buyers are," says Mr Rudloff. "When you place structure.

It was the Stock Exchange's bond market—a market which, refusal to allow an international placing of shares which industrial holding group, last month to make a £200m Eurobond issue which is quickly convertible into equity—thereby taking advantage of a loophole in the rules to achieve its Carnation food group, needed desired result. Most corporate to the rapid network of the Eurobond and international, which is quickly to the same of the Eurobond issue which is quickly convertible into equity—thereby taking advantage of a loophole in the rules to achieve its Carnation food group, needed desired to the same of the Eurobond about who the end-investors might be. An equity offering must be structured so that shares will stick," adds Mr Andrew Large, chief executive of Swiss Bank Corporation International, the London-based investment banking arm which managed the complex offering for its parent.

build global portfolios. Thanks to modern munications, they now have rapid access to information from foreign stock markets. It was not difficult for them to spot that the markets offering spot that the markets ordering the highest capital appreciation were away from home — most notably, in Japan. For investors, the emergence

of the global view has created new opportunities. Today, fund managers and stockbroking analysts increasingly compare the performance of domestic companies with that of their foreign competitors—looking at foreign competitors—looking at Hitachi and Siemens as well as General Electric, and taking investment decisions accordingly. Buying demand can also be tapped in sectors which do not exist domestically — for example, US private health companies have found a market for their shares in Britain.

But globalisation also pre-

But globalisation also pre-sents pitfalls for companies and investors. Sales of shares by foreign investors can have a catastrophic effect on prices, don to New York, and back to particularly if the domestic Tokyo. In some stocks, parti-market is not large enough to cularly Japan, he says, the absorb them. US investors have sometimes proved to particularly unsafe hands.

Investors need to be aware of wide differences between accounting principles from country to country. They must keep up to date with information about foreign companies and investment conditions. Even professional fund managers may all too easily be talked into buying shares in companies which they are unable inde-pendently to assess. Companies must therefore

Companies must therefore and liquid market outside their ensure that results and strategies are well understood by foreign investors, both existing and potential. This has prosome practitioners, however. foreign investors, both existing and potential. This has pro-duced a whole new industry: investor relations. Already quite common in the US, inves-Demand, both for new issues broking analysts and investing genuine over-the-counter inter-

Major British companies have of a stock is still set on its home had to do this not only because stock exchange."

banks) in west Europe and

of recent new offerings, but because their shares have become among the most actively traded outside their established domestic secondary market. This may be a result of the London Stock Exchange's fixed commission structure. now being dismantled. Figures for the high proportion of trade in top UK equities, such as Imperial Chemical Industries, Glaxo and BAT Industries,

transacted by US brokers are often quoted. But the actual size of the "upstairs" global market is difficult to gauge.

Mr Yassukovich of Merrill Lynch says his firm makes a market in international equities off a single book, which is passed daily from Tokyo to Lon-

The regulators to act quickly

activity rivals that of the domestic market. The Securities and Exchange

Commission, which regulates US securities markets, this year sought comment on many aspects of the global equity market. In the absence of any official research it used as a starting point work done by Euromoney magazine. This year the magazine identified 328 (up from 236 last year) internationally traded companies, defined as those with at least one active

are sceptical about the size of the market, though they see it developing naturally as more tor relations managers have shares are issued to inter-begun to be appointed in national investors in the Britain, and are taking their primary market. According to top executives around the world Mr Rudloff of CSFB: "It will be on "roadshows" to brief stock- a long time before there is a national market. The real price of capital and the distribution

Perhaps the greatest question mark about the development of the new market lies in the grow-ing interest of the regulators. The SEC has so far simply attempted to start a debate, and attempted to start a debate, and has not yet suggested new measures. It has expressed concern, however, that "there are few surveillance or enforcement mechanisms in place to safe guard the integrity of securities trading conducted simultaneously in multiple international markets... Fraud or manipulation in multiply-listed securities may adversely affect the markets for those securities in the IIS as well as other nations."

There are also protectionist issues: it is more difficult for a foreign company to obtain a US quote than for a US company to raise capital abroad. All issues which are offered to US residents must be registored with the Securities and Exchange Commission, which sets tough disclosure and procedural requirements. Though cedural requirements. Though the agency has suggested several methods to harmonise issuing standards across borders, the difficulties were underlined by one official who asked: "Why should the SEC relax requirements for foreign issuers when it won't relax them for US com-

The SEC has found that many stock exchanges favour a prag-matic approach. The Toronto Stock Exchange summed up the views of many when it argued to the SEC that total conver-gence of different countries disclosure and accounting stan-dards would never be achieved and was not necessary. "As long as one can say that the investor's interests are being protected, marginal differences need not be eliminated.

Britain's Law Society warned, however: "The danger is that issuers will deliberately choose as their principal offering market the jurisdiction which imposes the least stringent disclosure and liability requirements." ments.

Whatever the regulators do they will need to act quickly. Shares in the world's biggest companies are already globally traded. Many other smaller ones, now less aware of the demands of the new market, will have to learn the rules of to be sure that there are adequate standards for them to meet, and that investors are sufficiently secure.

Or as Goldman Sachs, one of the biggest players in inter-national equities puts it: "We now consider the commitment of securities, both equity and debt, on a global basis.

COMPUTER

MARKETING

Baring for the battle

"A co-operative" may not be the description that springs to most people's minds when they think of Baring Brothers, London's oldest (223 years) merchant bank and one of its most eminent. But this was the phrase being used yesterday to aid understanding of the rather bizarre structure that Sir John Baring, the chairman, and his colleagues have devised to take Baring's forward into the City revolution and beyond.

Full ownership of the bank will pass to the Baring Founda-tion, a charity which already has 74 per cent. But voting control stays with the directors of the bank.

Where, though, does this leave the Baring family itself? Sir John remains chairman, and there are six other Barings, two of whom are directors and four working their way up through the bank.

The directors include Nicholas Baring, Sir John's fourth cousin, who is also chairman of the City Capital Markets Committee, the influ-ential group of City profes-sionals that studies major City

The seven top executives include four non-Barings. Two to watch are Andrew Tuckey, 42, who will be responsible for the bank's key capital markets and corporate finance activities, and Miles Riveti-Carnac, 52, and Miles Riveti-Carnac, 52, who will run securities trading. The two men have been running Baring's international operations for the past few

Tuckey, a chartered accountant, worked on financial planning for British American Tobacco before joining Baring in 1968. He established the bank's office in Hong Kong in the early 1970s but has basically been concerned throughout with the corporate finance and capital markets side.

Rivett-Carnac, a former naval commander, joined Baring 15 years ago. He ran the bank's

Men and Matters

Baring's New York office.

Capel's chair

The news of Peter Quinnen's appointment to the chairman-ship of James Capel was greeted with something less than astonishment at the stockbrokers' City offices yesterday. Quinnen had been identified as high-flyer almost from the day he arrived at Capel, as an equity salesman, in 1972. In his rapid rise through the ranks, he was clearly being groomed as a potential successor to Keith Heathcote, the chairman and chief executive, whom he will replace at the beginning of next

year. Still only 40, Quinnen will be the youngest chief of any leading City stockbroking firm. With a degree in law and a background in chartered accountancy, he will bring a variety of disciplines to the can also claim accordance. he can also claim experience in almost every area of Capel's business, the most conspicuous gap being fixed-interest. Any weakness there should be made up by David Dugdale who, together with James Fergusson will be a member of the new ruling troika at Capel. The oldest member of the team will be Dugdale, who is 43.

Quinnen should still find time for visits to the ballet and opera, rounds of golf and the junior rugby coaching which takes up his Sunday mornings. But running Capel will be no part-time occupation. The firm is rated as one of

the most consistently profitable in the City and heads the rankings for both research and institutional research. Yet even years ago. He ran the bank's with the support of Hongkong ing arm of 13 co-op South African operation until & Shanghai Banking Corpora- financial institutions (point was merged with Union tion, which will increase its known in Europe as

Acceptances and later opened | holding to 100 per cent next
Baring's New York office. | March, Quinnen will have his
work cut out keeping Capel at the head of the pack

Finniston runs

Michael Finniston, aged 42, who has become accustomed to jogging in Central Park, New York each morning for the past three years ("It enables me to eat and drink what I like during the rest of the day") will be able to continue his healthy exercise in his new job. After heading up Samuel

Montagu's US merchant banking operations he has joined
London and Continental
Bankers (LCB) to lead an
assault by that bank on the US
merchant banking scene. The new office will open in New York at the beginning of next year and will, says Finnis-ton, start by concentrating upon

mergers and acquisitions, and general corporate finance advisory work.

He is the son of Sir Monty Finniston, the former British Steel chairman and doughty champlon of technology.

Michael Finniston trained as a lawyer but instead of practising went into the City to work for Guinness Mahon. Later he was with Drayton Corporation before joining Samuel Montagu for what has proved to be a 12-year stint. He has been involved with mergers and volved with mergers and acquisitions, capital markets, and the international banking side. He was a director of the bank as well as being the director responsible for its US operations operations.

operations.

He will become a director of LCB which is the international merchant and investment banking arm of 13 co-operative financial institutions (popularly known in Europe as farm

Canada. They include the DG Bank of West Germany, Credit Agricole, France and the Rabo-bank Nederland, Holland.

Union beat After Band Aid and Live Aid

comes . . . Union Ald. Well, not quite; but making an attempt to get into the traditional Christmas pop record lists this year will be a festive single written by someone not nor-mally jostling for space with Madonna, A-Ha, or the Thompson Twins-Norman Willis, general secretary of the TUC.
Willis has written the words and music for a single, titled Rhyme to Buy Time, in an effort to help raise money for a Save the Children Fund

a Save the Children Fund appeal being organised by the Inland Revenue Staff Federa-tion. The IRSF hopes to raise £75.000 for Tibetan refugee £75.000 for Tibetan refugee children in India,

The record is being made by Chris Stern, with support from Linda Ridgers-Walte. Both are members of the IRSF's executive committee. Stern, a musician for 15 years, thought a record might be helpful to the appeal after hearing a professionally recorded demonstration of his own work.

Tony Christopher, IRSF general secretary, mentioned to

general secretary, mentioned to Willis in passing that the union Willis in passing that the union was looking for someone to write the Ivrics. "Rather brashly, I said I'd be interested," Willis said yesterday. "I was just going to do the lyrics, but then I made up a tune as well, which they've used—and done wonders with."

Willis—who has something of a reputation in private for writing poetry—said that he planned originally to write a trade union song, but after hearing Stern's

song, but after hearing Stern's work decided it was "too good for my knock-about stuff." The result, a folkish song reminiscent of Ralph McTell, still contains elements of the trade union approach—"We call ourselves sisters and brothers /Can we live up to the name?"
—but is aimed squarely at the Christmas market.

Observer

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West Surrey Computers Computer Marketing and Leasing Technical Support Division Distribution Division		
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Letters to the Editor

The unemployment trend

From Mr C. Trinder Sir,—Under the heading
"Jobless total down by 4,000"
(Navember 1) Philip Stephens, (November 1) Philip Stephens, your economics correspondent, writes "A sizeable part of the improvement is attributable to the expansion of job-creation schemes announced by the Covernment in the spring. At the end of September some 671,000 people were covered by special employment measures, reducing the recorded level of unemployment by 495,000. At the end of March the measures were taking only 450,000 off the figures quoted to support it community programme but, as Table 2 shows, the total numbers covered on all the schemes at the end of September 1984. The community programme but, as Table 2 shows, the total numbers covered on all the schemes at the end of September 1985 is slightly smaller than at the community programme but, as Table 2 shows, the total numbers covered on all the schemes at the end of September 1985. The community programme but, as Table 2 shows, the total numbers covered on all the schemes at the end of September 1985. The community programme but, as Table 2 shows, the total numbers covered on all the schemes at the end of September 1985. The community programme but, as Table 2 shows, the total numbers covered on all the schemes at the end of September 1985. The community programme but, as Table 2 shows, the total numbers covered on all the schemes at the end of September 1985. The community programme but, as Table 2 shows, the total numbers covered on all the schemes at the end of September 1985. The community programme but, as Table 2 shows, the total numbers covered on all the schemes at the end of September 1984. The community programme but, as Table 2 shows, the total numbers covered on all the schemes at the end of September 1985. clear that this assertion and
the figures quoted to support it
tell the whole story.
Table 1—Official estimates of
direct effect of the special
employment and training
measures on the recorded level
of unemployment benefit
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WHERE HIS TORING SOLL

End Thousands Month 1985 March 450 1984 455 440 440 440 440 415 490 450 445 425 420 April May 355 340 330 330 320 June July July 415 August 385

August 385 415 320
Sept 495 490 395
The official figures on this subject are not seasonally adjusted. The March figures are always lower than the September ones. Although the register effect in September 1985 is 5,000 higher than in September 1984, it may be unwise to take 1984, it may be unwise to take one month's figures in isolation. month below that of July-September 1984. The big expansion seems to have come in National Institute of 1984 and has not been repeated Economic and Social Research.

Time-consuming customs

From Mr M. Johnston

Sir,—Having spent inordinate proportion of my life in the freight hall at Dover Docks, I read (October 22) with real appreciation that the Har-bour Board is to spend £1m upgrading this facility Import-ing freight into the UK via Dover is a very time-consuming process, par for the course being around six bours, and even this time can stretch to around nine or even 12 hours

This fact must affect the competition between the proposed fixed link to France and the mixed mux to strange and the existing ferry services. The fixed link supporters make great play of the fact that their crossing time will be less than one hour, compared to the two Chepstow, Gwent.

Government officials refer to From D. Fagandini the current expansion of the community programme but, as

programme Community 86 70 Young workers Youth training Enterprise 357 40 10 allowance Others

Total 671 In the absence of a seasonally-adjusted series for the register effect of the special measures, it is not possible to see exactly it is not possible to see exactly the change in the underlying rate of unemployment, but during the six months April-September 1985 these measures did less, by an average of 13,000 a month, to keep the total down than in the corresponding possible of 1984. ponding period in 1984. The flattening out of the unemployment trend during the past six months does not seem to be due to an expansion of special The 3-month average July measures because they have in September 1985 is 16,000 a fact been reduced over that

period. C. G. Trinder, 2 Dean Trench St. SW1.

hours, including boarding of the ferry. If however, the same customs facilities apply to freight then as now, this will be a not very significant one hour saving in eight. Many drivers will then prefer the rest on the boat.

The winner of this lucrative freight trade will definitely be the operation which persuades H. M. Customs & Excise to increase its staff by a factor of five or even ten. Only by doing this will the transit time through customs of the million plus, and rising, lorries per year be reduced to the balf bour of most EEC border points. M. T. Johnston

Trend of real exchange rates

From Mr K. Skeoch and

Mr G. Dennis Sir,—Professor Marris and Mr Martin made a number of extravagant claims in "New light on the trend of real exchange rates" (October 30). These claims arise from a fun-damental confusion between two versions of the purchasing power party (PPP) positilate. The manifest overvaluation of the dollar and the correspond-ing undervaluation of other currencies, particularly the Japanese yen, has led to PPP becoming a fashionable buzz word. In many instances, however, the concept is pushed too far and the Marris/Martin article is a case in point.

The authors claim to avoid the need for using a base date for their calculations by utilising differences in absolute price levels. Paul Samuelson, the distinguished Nobel laureate, pointed out over 20 years ago that this method of comparison is only valid if the price indices utilised are for costlessly inter-nationally traded goods only and have the same commodity weights. Tough conditions, indeed so tough that if fulfilled the comparison becomes trivial as it reflects mere commodity arbitrage.

Even if we give them the benefit of the ddubt as to whether these conditions are fulfilled, the authors then confuse this trivial case with the more interesting version of PPP, which relates movements relative prices to exchange rates. If the above conditions are fulfilled, a world equilibrium price is determined and an index of domestic to foreign prices (appropriately calculated) should test whether adjusted domestic writes have adjusted domestic prices have developed in conformity with such a price. At the equilibrium relative price, given world prices and interest rates, there will be full employment at home, and the current account of the balance of payaccount of the balance of payment will be in equilibrium, sterling, with the implied DM/ sterling with the implied DM/ sterling therefore rate being therefore meaningless unless they are dollar is overvalued and by more against the DM than the date where a country is at or near this equilibrium. Hence, ever, helpful if the ball-park reserved to the balance of payments. near this equilibrium. Hence, analysis of the balance of pay-

economies were close to such equilibrium positions in 1975 a very debatable point, given the large change in the policy environment after 1979. This is also a logical flaw, insofar as the comparison of any basket of goods in different countries requires a common currency 100 Old Broad St, EC2

and hence, exchange rates for conversion purposes; the chosen rates therefore implicitly iden-tify the choice of base date for comparison. To argue that historical PPP values may be identified for a given year, then built upon to the present day, begs the critical question of whether the relevant economies were close to equilibrium in

1975. Any choice of base date (for one must be chosen) is at

best subjective and at worst

arbitrary. Returning to more practical issues, the choice of the price index, as Samuelson pointed out, is critical and the authors are correct to point out that an index of traded goods is the index of traded goods is the correct theoretical measure. The main difficulty is actual measurement. The authors use of the GDP deflator which has a large element of non-traded goods, eg, government services, is clearly inappropriate. The use of price measures which come out with a lag of up to six weeks with the GDP deflator or around a month with conor around a month with con-sumer prices surely invalidates the authors' claims that "our numbers are uniquely up to

the relevant price information is not available. To avoid the charge of being purely destructive, we have to admit that we play the PPP game, too. Our approach has been to use average 1978-82 exchange rates as a base for the calculation. This, at least, has the merit of being both and rebound. We do not claim that our approach is without compromise; at least, however,

we recognise the base date. problem. On this basis, we suggest PPP rates for the dollar to be DM 2.05, Y190 and \$1.60 against nature of such calculations is ments position and its long term sustainability is essential when deciding on the appropriateness deciding on the appropriateness deciding on the appropriateness deciding on the appropriateness deciding on the appropriateness.

The broad conclusion from the broad conclusion from the appropriate prices. tained in the article is that the US current account deficit current levels but there is little

new in that. Keith Skeoch (Chief Economist), Geoffrey Dennis (International Economist), James Capel & Co.

The pantomime over pay

Sir,-I am surprised that you found it difficult in your edi-torial (November 2) to identify the reasons underlying the level of industrial wage and salary settlements in recent times,

We are all aware that the UK is still a low wage and salary its major industrial competitors. This has largely been a consequence of the persistent indus- D. A. A. Fagandini, trial over-manning and over- 6, Alleyn Park, SE21.

staffing of which we are also

Consciously - more probably unconsciously - industry, in responding to governmen overall policy, is slowly correct-ing the position. Eventually this should lead to an increase in the output from our educa tional system of industrially oriented citizens. If product economy when compared with vity rises broadly in parallel what real objection can there be to this trend?

Museum charges and visitors

From Professor W. Elkan

Sir, - Mr Tonks' (October 31) first flaw in my argument regarding museum charges, that success may cause the Govern-ment to reduce its grant, is well taken. That is indeed a risk. Universities trying to raise funds privately go the same risk but since their grants are being cut in any case, they have no alternative.

His second misgiving, that a request for a specified donation will deter people at the bottom rungs of the socio-economic ladder is not well founded. What little evidence there is does not support him. Visits to stately homes, to local authority museums, which make admission charges and to Madame Tussaud's are much less heavily biased to the upper incom

strata, though admittedly, even here those at the bottom are under-represented. The reason may however have much more to do with where people feel at home than with cost of admis-sion. If Covent Garden Opera were free many more would want to go, but I would be sur-prised if people from socio-economic categories D and E would go in proportion to their number in the population. Many museum staff now recognise that making people feel more at home in museums is the bes way to attract greater numbers Hence the much greater emphasis on display and explanation—and on shops and cafeteria beamed at "the cafeteria

(Professor) Walter Elkan, Brunel University, Uxbridge, Middlesex.



Spring forward - by two hours

sir, — I write to support the irrefutable argument put forward by Clive Wolman (October 25) for England to remain on "Common Market" time all the year round.

British businessmen here who

strive to obtain orders from Europe for England find it in-comprehensible that in our decfound a way of changing the status quo resulting from a free vote in the House of Commons in Edward Heath's time.

The children in Belgium, Hol-

and their economies are doing Sir. — I write to support the much better than ours. Further more, their cows don't object -they know better. European manufacturing busi

nesses start work at 07.30 and many telephone their orders at 07.35. Not many British manage ments are at work at 07.30 and, for the enlightened few who are the Government makes it harder lining economy our "business- for them to get orders from men's Government" has not Europe by keeping England's clocks one hour behind Europe summer and winter.
All we can hope for now is that the clocks will go on 2 hours next spring.

government where the high

technology industry is con-cerned and handed UK jurisdic-

tion over a number of our high technology companies to the US.

I hope to raise this matter in the House of Commons shortly. It is vital that Parlia-ment should know specifically

how serious is the erosion of sovereignty that is occurring

here in the UK under the pre-sent Government. It is equally

vital that someone should try to

protect UK companies from this kind of activity, since the Government seems unwilling to.

Of course the problem is much more difficult where US

subsidiaries are concerned. Nonetheless these companies

should know that what they are

should know that what they are being asked to do is illegal, and that UK citizens employed by them are put in serious jeopardy by such activities. US law as Mr Tebbit is so fond of telling us, does not apply in the UK and any attempt to apply it is both illegal and a breach of sovereignty.

individual occupants will pay

rent indexed annually against RPI precisely because this is

likely to bear a closer relation-ship to income than would a

house price index. Fair rent levels have corresponded reasonably with RPI since first

In shared ownership scheme

the proportion purchased will be funded by a conventional

recorded.

J. Birrell.

loan.

breach of sovereignty. Paddy Ashdown.

House of Commons, SW1.

land, northern France, Germany,
Denmark, Sweden, Norway, Finland and, of course, Russia, go
to school in the dark in winter

land and of course, Russia, go
to school in the dark in winter

Intrusive actions by US

From Mr P. Ashdown, MP Sir,—I read with more than passing interest your report (October 11) which suggested that the Government is to permit US officials to inspect the sales invoices of UK companies involved in export trade in high technology.

Not only is the American law,

under which those inspections are supposed to be conducted, illegal under international law, as noted in the UK and EEC notes in the wake of the Siberian gas pipeline fiasco, but that law, the US Export Administration Act 1985, has always been rejected by the UK Government. More recently the Government. More recently, the Attorney General wrote to me declaring that attempts by the US to apply their Export Administration Act in this country are illegal and an intersecutor of UK country. intringement of UK sovereignty.
I have had considerable correspondence with exporters affected by earlier less intrusive US actions in the field of high

date and can produce spot reports within minutes of receiving market reports" as technology exports. It now seems that the Government has abandoned all pretence of **Index-linked financing** From the General Manager Marketing, Halifax Building Society Sir,—The Halifax index

linked lending scheme has been designed specifically to avoid some of the general problems of indexation set out by Mr Bowie on October 29. The basis of the Halifax scheme is matching funds raised with funds lent. The lending is to professional housing bodies to enable them to provide rented accommodation. PO Box 60, some of which will be on a part Trinity Road, rent part ownership basis. The Halifax, West Yorks.

Evidence on heart disease

From Professor J Shillingford Sir.—Much media attention has been focused recently on the relationship between food and heart attacks and, if some

of the advocates are to be believed, it is the all-important factor in the development of heart disease. There is no proof that this is so. One person in ten dies of a heart attack before the age of

70. but there is no evidence to suggest that his or her diet is Professor J. P. Shillingford. any different from that of the (Consultant Medical Director). who survive.

lifestyle are to be encouraged. it would be tragic if the public were to be persuaded that heart disease is solely due to our eating habits,

It is generally agreed that many factors contribute to the including history and smoking, together with others we do not yet fully understand. Therefore, much protracted research still remains to be done to beat this

British Heart Foundation While a healthler diet and 102 Gloucester Place, WL

ON A booklined shelf in David Henderson's office at the Organisation for Economic Co-operation and Development in Paris stands a coloured graph showing that Concorde cost the British taxpayer £2.13bn at 1975 prices between 1962 and

1976. The chart gives some inkling of the message that Mr Henderson, head of the OECD's economics and statistics department, will be delivering on BBC Radio during the six weekly Reith lectures, "Innocence and Design," starting tomorrow.

Mr Henderson is a 58-year-old Sheffield - born professional economist who looks like a cross between a don and a Presbyterian clergyman. He believes in opening up markets and, perhaps more importantly, minds.

The Reith lectures on Radios 3 and 4 and the World Service will provide a rare opportunity for an international civil for an international civil servant to expound his views before a wide public.

The lectures may also, indirectly, supply listeners with an idea of the role—and the limitations—of the OECD, the 24-nation organisation that acts as an economic talking shop for the industrialised world.

Mr Henderson joined the OECD two years ago after 35 years of teaching and practising economics at Oxford, the Treasury, the Aviation Ministry the World Bank and University
College, London. He will be
using the lectures to explain
why the world would be a better place if governments intervened

The Henderson view is that even governments like Mrs Thatcher's, which claim to be liberal are guilty of disturbing free operation of markets across a range of areas, and end up reducing rather than increasing overall well-being.

Mr Henderson is a staunch supporter of the OECD's perennial efforts to reduce pro-tectionist pressures in inter-national trade and payments. He has a certain agnosticism over the broader macro-economic Keynesian-versusmonetarist controversies which have divided so many of his fellow economists. But he has become especially interested in how dirigiste trade polices can undermine overall economic performance.

Trade restrictions, he believes, are all the more dangerous and difficult to fight because they are applied by "a l politicians, and supported by boils ordinary people, in the belief and that they are simply carrying tion. out measures of common sense. Import restrictions on

The Reith lecturer

The case against D-I-Y economics

By David Marsh in Paris



• David Henderson: deceptive mannet

reduce taxpayers' overall purchasing power and can threaten unsubsidised rival businesses at home. Aid for EEC farmers results in expensive stocks and cut out develop-ing country food exports.

Trade restrictions, says Mr Henderson, add up to a "slightly less than zero sum game." Far better, he says, to let the price mechanism alone determine demand for products from milk to videotape recorders.

Mr Henderson is particularly scathing of high technology pro-grammes launched by govern-ments to satisfy industrial pressure groups and/or the desire for prestige and national self-sufficiency

self-sufficiency.
Britain's advanced gas cooled nuclear reactor programme and Concorde have already been labelled by Mr Henderson in radio talks a few years ago as two of the three worst civil investment decisions in the history of mankind. (The other was the Soviet counterpart to

Mr Henderson's manner of professional mildness can be deceptive. His eyes can glint dangerously behind large glasses when listeners fail to memployment and the labour moves to the date of the labour moves to the

which cuts across Left-Right ing mechanism and he believes lines—he describes himself as it may be "helpful" to have "a liberal with a small 1"— some form of tax-based incomes boils down to a straightforward policy.
and relatively undogmatic asser-

Japanese cars or Third World then you're more inclined to College helped shake up the textiles push up prices for consumers (who in the latter case are probably relatively poor people).

Third World then you're more inclined to College helped shake up the ask yourself why it is that system for choosing architects markets should not be allowed to function reasonably freely."

He joined the Victorian Society he says. You're more apt to see in 1959 in protest against the

Keynesian, like everyone else in those days) in 1957-58. He found to civil servants falling into traps over allocating national re-

SOUTCES. "I was working in Her Majesty's Treasury and found a bloke there—he later went on to become a Permanent Secretary—who was looking at investments by nationalised industries like coal or the water supply in terms of what he thought was intrinsically good

—when what really mattered was the rate of return at the margin," he says. Mr Henderson insists that his economic training and experi-ence gives him "a different way of looking at things" compared with the politicians, officials and ordinary people who practise what he witheringly calls "do-ityourself economics." But this is a tool-not a recipe for alterna-

tive policies, he emphasises. In the lectures he does not, follow his reasoning. market. He does not plead for But the Henderson creed. totally untrammelled wage fix-

There are other limiting cases too. Mr Henderson is an archi-"If you take certain types of tecture lover who during his economic analysis seriously, time as a Fellow at Lincoln

Subsidised export credits that things which are regulated destruction of the Euston rail-The thesis, he says, was nurtured during a spell with the Treasury (which he joined as a shead on pure free-for-all market principles without controls way station arch. ket principles without controls to foster conservation.

He backs away from being overly dogmatic on Concorde. It is just conceivable, he says. that non-tangible benefits-the pleasure which the public takes in seeing the Queen Mother go on a supersonic birthday flight —might compensate for the monetary loss collectively borne by taxpayers.

He says his lectures have no bearing on his work for the OECD, where he is in charge of the large economists' team preparing forecasts and economie analyses.

The OECD, with no funds and no decision-making power of its own, has always had to steer delicately a middle course between adapting its thinking to the views of member govern-ments (above all the US) and putting forward solutions of its own. Jean-Claude Paye, the present Secretary General, describes the OECD as " a place and discuss their problems . .

its power lies in its capacity for intellectual persuasion."

Some economists within and outside the OECD believe the organisation, despite its clear constraints, could do more in the way of "selling" macroeconomic policy options; for

instance over co-ordinated ways of modestly reflating demand. Mr Henderson points, how-ever, to the limits. "We do go quite far sometimes in suggest-ing alternatives . . . but we are not there to tell governments what to do."

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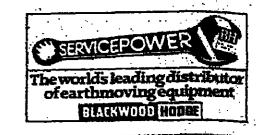
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Didnk of Scotland Money Market Cheque Account

FINANCIAL TIMES

Tuesday November 5 1985



British electricity board to buy US uranium

By Maurice Samuelson in London and Mary Frings in Dallas

THE BRITISH electricity industry has signed long-term contracts for uranium with two US mining companies following a decision to dis-continue purchases in Namibia because of the political unrest in

Everest Minerals Corporation, of Corpus Christi, Texas, and Energy Fuels (Nuclear), of Denver, Colorado, will each supply 3.5m pounds (1.6m kg) of uranium to the British electricity industry over a 10-year period starting in 1987. Together with a bigger Canadian contract, the deal means that all the uranium for Britain's power stations will for the foreseeable future come from North America.

The new contracts are regarded by the Central Electricity Generating Board as long-term replacement for its deliveries from Rio Tinto-Zinc's Rossing mine in Namibia, which were discontinued at the end

According to the CEGB, the Namibia contract, which began in 1976, had not been renewed because of the political instability in that country rather than the latest turmoil in neighbouring South Africa.

The new long-term contracts as-sure the British nuclear power stations of security of supply since, al-though possible new fuel sources are being studied in Australia and Canada, no new contracts will be needed until the end of the decade. The industry also cushions itself against unforeseen delivery problems by keeping a stockpile of well

The deals have been signed at a time of large oversupply in the esent prices are 60 per cent below the 1980 peak of \$43 a pound.

The contracts with Everest Min-

erals and Energy Fuels run for 10 years from 1987 and are believed to have a base price of just under 525 a pound. Although this compares with the present spot market rate of \$16, the CEGB regards the price as competitive in a long-term

The other main supplier to the UK electricity industry is now Rio Algom of Canada, which has a contract to supply 20m Ib between 1982

The CEGB, which in 1984-85 burned 1.88m lb, says that in order to assure diversity of supply it would like to have three or four contracts, with each limited to 700,000

Contracts with suppliers are ne-gotiated by the British Civilian Uranium Procurement Organisation. which acts on behalf of the CEGB, the South of Scotland Electricity Board and British Nuclear Fuels.

Pressure on SA press curbs.

Pöhl denies move on interest rates

Continued from Page 1 reason whatever to change strate gy, the Bundesbank leader said.

He added that the current level of the German currency (at around DM 2.60 to the dollar) gave the Bundesbank no special worries. It was neither so low as to bring fears of imported inflation, nor so high as to

threaten West Germany's export

"From the American or Japanese point of view things look different," Mr Pohl noted. "I can well understand that American politicians and industrialists want to see a further devaluation of the dollar.

Mr Pöhl's remarks tend to underline the German view that the current imbalance in world trade and currency matters is above all a bilateral problem between the US and Japan. Some German officials thus refer ironically to the New York gathering as the "Group of Two."

Italy had suffered in the local press and foreign media about the Achille Lauro affair.

Rival for Marcos sought Fermenta after snap election call

BY OUR MANILA CORRESPONDENT

THE PHILIPPINES opposition began emergency meetings yesterday in an effort to select a candidate who could mount a major challenge to President Ferdinand Marcos following his decision to call a snap presidential election.

The calling of an election for Jan-uary 17 also drew warnings from al-

lies and opposition alike that, if the poll was not seen to be fair, the Government's dwindling authority would further suffer and the Communist insurgency would be more difficult to face.

Mr Marcos made the surprise announcement on Sunday night in a US television interview conducted by satellite from his palace. The ailing 68-year-old leader, fac-

ing an increasing Communist chal-lenge and a deteriorating economy, has been under growing interna-tional pressure, chiefly from the US, to call an early election.

The poll will be the first real test of the Philippines leader's populari-ty since 1969, when he was elected

for the second time. At least a dozen opposition leaders have been mentioned as possible opponents, among them Mr Salvador Laurel, a former Senator, and Mrs Cory Aquino, the widow of Mr Benigno Aquino, the assassinated

BY ALEXANDER NICOLL IN LONDON

tember Group of Five agreement to is the underlying movement.

serves actually showed a sharp that the Bank of England had play-

\$2.13bn increase in October to ed a minor role in the concerted in-\$16.3bn, largely as a result of a tervention that has driven the dol-

the US. It accused the US of "trying armament proposals of last Friday

official

showed their biggest underlying fall for 2½ years in October, reflect-ing sales of dollars after the Sep-

The \$324m underlying decline was the largest since a \$328m drop in March 1983. In September, the fall was \$97m, reflecting a little in-

tervention in currency markets af-

ter officials from the five largest in-

dustrialised countries met in New

UK gold and foreign-currency re-

Continued from Page 1

framework of negotiations and re-

the views of the Soviet leadership,

Izvestia said that the US proposals,

far from reducing warheads to 5,000 on each side as Washington has

claimed, would increase the num-

On the strategic defence initia-

tive - Star Wars - which Moscow

says would prevent any limitation

of offensive nuclear weapons, Presi-

dent Reagan said both superpowers

were conducting research on space weapons and expressed surprise at

the strength of the Soviet reaction

At the conclusion of the interview

he took out of his pocket a red card which he read to the Soviet journal-

Continued from Page 1

was lenient with the foreign perpe

trators of acts of terrorism on Ital-

"The fact is that Italy is the only

European country which has suc-ceeded in locating and bringing to justice almost all those responsible

for terrorist actions on our territo-

ry," he said.
Mr Craxi hit back at the attacks

ber to 18,000.

to the programme.

In what is certainly a reflection of the US.

York on September 22.

the election to "erase doubts regarding the popularity of my adminis-tration." He said he would stand alone, without a vice presidential candidate, "because the issue is

Speaking to supporters in the town of Tarlac, home of Mr Aquino, he said the election was needed because the Philippines required "for-eign loans, financial assistance and foreign investment from abroad".

The election decision follows pro-longed speculation about the President's political future, involving growing alarm in the US over the country's economic course and the failure to implement fundamental

In Washington, the State Department issued a cautious statement in which it said the US could not be sure the election would actually be held on the date Mr Marcos had an-nounced, writes Reginald Dale in Washington. The caution was clearly based on past US disappointment, when Mr Marcos first raised and then dashed election hopes.

the US to decide, the Department said. What was important was that the election be "free and fair" and credible to the Philippine people," including satisfactory answers to constitutional questions."

Any newly elected government

Britain's official reserves show

government launched on the inter-

national capital markets. The figure

watched by the markets, however,

Although the Treasury does not

officially acknowledge that the un-

derlying figure may be taken as an

indicator of currency-market inter-vention, it is widely seen as such.

However, it was believed that not

all of the \$324m drop was due to

significant military advantage to Soviet objections to the US dis- ished. Afghan and Soviet troops,

publication of the interview, for a

continuation of the dialogue with

Elsewhere, the Soviet Union ap-

pears to be moving systematically to resolve or defuse problems which

might show it in a poor light before

Dr Andrei Sakharov, the dissi-

dent Soviet nuclear scientist, who is exiled in the city of Gorki, east of

Moscow, was able to speak by tele-

phone to relatives abroad for the first time for many months yester-day. He confirmed that his wife, Yelena Bonner, would leave the So-

viet Union for medical treatment at

he took out of his pocket a red card which he read to the Soviet journalists. It said: "Nations do not distrust each other because they are armed.

They arm because they distrust each other."

They arm because they distrust each other. They arm because they distrust each other.

day is a great modern nation, firmly

linked to the life of the major indus-

trial democracies, deeply rooted in

Mr Craxi admitted that the

Achille Lauro emergency "found us

the end of the month.

Craxi seeks help over budget

Reagan interview criticised

to place cruise missiles outside the and also a desire, as shown by the then withdrew.

Bankers said the figure indicated

biggest fall for 2½ years

reserves \$2.5bn floating-rate-note issue the

would need such credibility to re solve the many problems facing the country and restore stability and growth, the Department said. The US view has long been that while elections are essential, they will not in themselves solve all the country's economic and military problems.

The Philippine military must conduct itself in a professional manner during the election, the de-partment stressed. It was also essential that there be a fair election law, a truly impartial commission on elections and an accredited independent citizens' election-monitor

ing organisation.

Mr Larry Speakes, the White
House spokesman, said the election
must be "credible, fair and broadly based in terms of participation."

In Manila, opponents of Mr Mar-cos said they were ready to face him. "We welcome the announcement of a snap election ... the opposition reiterates its readiness to field a single candidate," the National Unification Committee said after convening a meeting of 12 op-The timing, however, was not for position groups to discuss election strategy

The statement demanded however, that the election be held in accordance with the constitution and that Mr Marcos announce immediately the mechanics of the proposed

lar down by some 7 per cent since

the Group of Five agreement. The

US Federal Reserve, the Bank of

Japan and the West German Bun-

desbank have taken a more aggres-

As well as intervening, the Bank

of Japan acted last month to raise

domestic interest rates. Although

yesterday was a holiday in Tokyo.

the yen continued to advance in re-sponse. It finished in London at

Y207.75 to the dollar, against Fri-day's close of Y208.85.

Labour reaffirms commitment to

Money markets, Page 33

who had surrounded the embassy,

• Peter Bruce in Bonn writes: A

letter written by Mr Mikhail Gorba-

chev, the Soviet leader, to West Ger-man Chancellor Helmut Kohl, and

leaked to the press threatens to

sour Bonn's precarious relationship

with Moscow just days ahead of the

Mr Kohl appeared on television

yesterday to accuse the Soviet Union of being responsible for the

leak. The two governments had agreed not to release details of the

letter, in answer to one from Mr

West Germany's biggest-selling newspaper, Bild, began however to

New emergency procedures would have to be devised, including

the establishment of ways to con-

Mr Craxi's government, composi-

tion of which is exactly the same as

it was before the crisis, will submit

sult the opposition, he said.

Another possible source of fric- publish extracts from Mr Gorbation between Moscow and Washing- chev's missive at the weekend and

"We were accused of having populist, neutralist and Third World leanings," he said. In fact, "Italy to-

in some way unprepared. Disjoint to votes of confidence in both the ed communications and uncertaint. Chamber of Deputies and the

US Soviet summit in Geneva.

change controls, Page 11;

sive role in acting on the accord.

expected to double turnover

FERMENTA, the rapidly growing Swedish fine chemicals and bio-

No purchase price was disclosed

SDS Biotech, in which Diamond Shannock and the Vanderbilt Development holding company each have a 50 per cent stake, has annual sales of \$200m.

over of \$100m. Both companies are heavily

Fermenta plans to develop their combined resources in antibiotics duction, research and development

The deal will increase Fermenta's annual turnover from some SKr 1.5bn (\$191m) to over SKr 3bn and significantly strengthen its foothold in the US market, where it now has sales of \$55co.

ant deal in Fermenta's history, said Mr Refaat el-Sayed, managing and improve our base for further

The total world market for agrochemical and animal health products is estimated at between S6bn and \$10bn. The two companies also have "significant" market shares in South America and the Far East.

most recently acquiring Pierrel, the Italian fine chemicals and pharmaceuticals company. Its turnover jumped from SKr

254m to SKr 1.1bn in the first eight months of 1985, and profits climbed fivefold to SKr 251m. The deals have substantially in-

creased Fermenta's fermentation capacity and organic chemicals pro-

German court

By Charles Batchelor in London THE West German Supreme Court has ruled in favour of Philip Morris, the US cigarette group that makes the Marlboro brand, being allowed to take a large minority stake in the local subsidiary of Rothmans International

The German Federal Cartel Of-

The German Supreme Court ruled last Tuesday that the issue of the Philip Morris stake had no practical significance, the company announced yesterday.

deal in March 1984 after discuswith the European

Originally Philip Morris was to take an indirect 25 per cent holding

rigarette brands in the EEC.

The two companies restructured the deal to separate their interests and to give Philip Morris a direct holding of 24.9 per cent in Roth-

acquisitions

double its sales after a preliminary agreement to acquire the SDS Biotech and Vertac Corporations of the US, and expand into the animal feed and health fields.

but it is understood to be well is excess of S50m. Fermenta expects to finalise the deal within a month, subject to approval by US anti-trust

Vertac, owned by the Dyticon Investment Corporation, has a turn

involved in research, development and production of agrochemical and animal health products.

fungicides and growth regulatory products, which have a turnover of some \$150m, and has found buyers or partners for the remaining pro-

capacity.

Earnings figures for the two concerns were not disclosed but the group says it expects them to gen-erate profits of between 20 and 30 per cent of sales after the restruc-

"We consider this the most impor-

director and the principal shareholder in the group. "It will establish us in the largest and fastest growing market for these products expansion and acquisitions in the

The deal is Fermenta's largest to date. It has grown rapidly through takeovers in Europe and the US

clears Philip Morris deal

fice had continued to oppose the share purchase, despite a decision by the European Commission in March 1984 to withdraw its

The court took into account Philip Morris's restructuring of its original shareholding in Rothmans International in coming to its conclu-sion, the company said.

Philip Morris restructured the

in Rothmans International through the acquisition of a half share in Rothmans Tobacco (Holdings) from the South African Rembrandt tobacco group. Rothmans Tobacco Holdings owned 50 per cent of the Rothmans International votes. The EEC Commission objected to

Philip Morris and Remorandt link ing through Rothmans Tobacco Holding to control many key

mans' voting shares. The cartel ofopoly implications for its national cigarette market where Martin Brinkmann, part of Rothmans In-ternational, has about 17 per cent THE LEX COLUMN

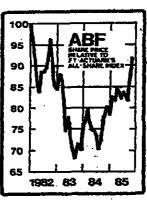
Stamp collecting in the City

The combination of of much higher costs and vanishing commissions has been the recurrent nightmare of London stock market planners ever since the first intimations of a forthcoming explosion. Almost the only thing which could give worried senior partners some chance of sleep was estimating the amount of brought about by cheaper dealing costs. Such wishfully consoling thoughts have now been given a bit more substance by a Bank of England discussion paper which estimates the long-term rise in volume from a 1 per cent fall in transactions costs to be as much as 70 per

This is not a million miles from what happened after the unbun-ding on Wall Street ten years ago; over the next six years, institutional costs fell by about half and the ratio of annual turnover to market value rose from 20 to 50 per cent. The case that the Bank examines, the halving of stamp duty, does not amount to such a large proportion of London dealing costs, only about a third, so a smaller effect should

It is not possible to say whether an equivalent boost to turnover would be achieved by falling commissions - or by the Chancellor's deciding to stop stamp duty altogether - but these would both be moves in the right direction. If there is a hole in the case for thinking that rising volume will square the books after all, it is that such a lot of business has been driven off market - principally into ADR dealing - precisely in order to avoid the high London costs. Investing institutions, at least, will know exactly how far costs need to fall if that business is to come back onshore, and it is probably quite a long way.

Food manufacturing companies which cannot be taken over are pretty dull investments these days; if, on top of that, they steadfastly refuse to bid for anyone else, there is scarcely any point in following them at all. Associated British Foods, which is sitting on £250m of cash and an equity base controlled by the Weston family, has been a steady outperformer in the market this year, but the excitement has all disappointment. Yesterday, this been elsewhere. Certainly yester search lighted upon the previously day's interim figures did nothing to less-than-fashionable Oxford Inquicken the market's interest. Pre- struments and drove the price up higher at £62.4m, and the shares closed unchanged at 268p.



Perhaps ABF should change its identity. Food manufacturing will account for less than 50 per cent of UK profits this year, with retailing and investment income contribut-ing the bulk of earnings growth. Fine Fare is increasing its trading margins - admittedly from a lowish base - and is at last making net ad-

ditions to selling area.

ABF's reputation as one of the UK's most efficient manufacturers has never been matched by its image as a retailer, so perhaps the keepers are just catching up with the millers and bakers. But the fast profits growth at Fine Fare may also say something about the way in which cost efficiencies in food manufacturing are transferred immediately into higher margins for the retailers. So maybe the Westons should rename the group Associated British Shops or some such thing. Family control has never done the J. Sainsbury rating much harm, and ABF is still trading on a prospective multiple very close to the food manufacturing average. Assuming profits of £155m this year, it works out to just under 11%.

Oxford Instruments

The electronics sector has been tormenting the London stock market all year; it has proved impossible to put a value on anything without being proved grotesquely wrong within at best a few weeks. Having gone through the painful realisation that the major companies in the sector were grossly overpriced, the market has been looking round for smaller fry with no record of disappointment. Yesterday, this

months to September in fact rather scheme.

exaggerate the story of strong un-derlying growth. Though pre-tax profits have almost trebled at by the absence of at least four spe-cial factors which depressed the previous year: a loss-making sub-sidiary (since sold), start-up costs in Japan, consultancy lees, and the relocation of factories. When allowance is also made for the catching up - on orders and profits - which Oxford has been doing since, the likely growth rate to next March is more like 60 per cent.

After yesterday's hurried adjust-ment, a multiple of 18 times just about discounts the generally expected progress. But only the day before yesterday, Oxford was seen to be at some marginal risk as a supplier to a relatively small num-ber of large customers, and that risk is presumably still there.

Barings

Many and varied are the ways of preparing for the new world of banking in London, but at least Baring Brothers has acted according to tradition. Barings Plc, the new holding company unveiled yes-terday, will be just as tightly insu-lated from the outside as the old Baring Brothers, since the voting control will remain in the hands of the directors and equity with a charitable foundation. Despite the group's intention to run a primary pilt dealership, yesterday's operation involves no raising of capital for the business: stock market flotation, now theoretically possible, is firmly ruled out for the moment But as a company, Barings can now gear up more flexibly on its equity than as a partnership.

Barings has resisted the tempta-

tion that proved too much for several stockbrokers: the value of the business, built up in uneven fashion over two centuries, will not simply fall to the generation of partners hicky enough to coincide with the Big Bang. Whatever Baring is worth, it is sure to be considerably more than the £40m or more implied by the placing of the bulk of the partnership's preference shares yesterday. The remaining value will fall straight to the Baring Foundation, as the sole and stable equity shareholder, but the money available for charitable purposes will probably be not much different be-cause of an increase in the coupous Oxford's figures for the six enlargement of the profit-sharing

Banking Currency Income Fund Curr ency Fund Limited The international foreign exchange markets offer private investors real scope for substantial returns but currency markets are highly volatile. and successful investment in them requires the right combination of

market knowledge, trading expertise and active day-to-day management to select the right balance of currencies.

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Please send me a copy of the prospectus of The European Banking Traded Currency Fund Limited and The European Banking Currency Income Fund Limited (on the terms of which alone applications will be considered).

ITC creditors' terms

ties about questions of responsibili- Senate this week

ment to make on the banks' action. are made to solve the crisis, but a

However, traders welcomed

Traders will today have the chance to put their arguments to LME officials at a meeting of all members of the exchange.

Most firms support the exchange authorities's decision to keep tin

handful do not. Some firms are unthe suspension of tin trading for the sold tin forward at above the £8,140 rest of this week, is working on its plans on its part in any eventual deal to end the crisis. Officials yesterday briefed Mr Robin Leightrading is resumed.

Pemberton, Governor of the Bank of England, repeating earlier appeals for help from the Bank.

Mr Pieter de Koning, the council's buffer stock manager, welcomed the banks' proposals as a constructive." But he stressed that it was up to the council members to

The banks' demand for government guarantees could prove very awkward for some member coun-

decide what to do.

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Sweden

Fiscal burdens loom

SWEDEN'S SOCIAL Democrats have maintained a formidable grip on power. They have ruled the country—either alone or in coalition—for 47 of the past 53 years, and in last month's general election ensured themselves yet another three years in office.

To win they had to had themselves yet another themselves off the ropes and recover from an apparently hopeless position in the opinion polls of a year ago. However, their victory was not as convincing as in 1982, and in the loss more to the Liberals or had come to dominate the opposition. The party which increasingly had come to dominate the opposition. The party which increasingly had come to dominate the opposition.

their victory was not as con-vincing as in 1982, and in the new parliament they are dependent on the votes of the Communists for an absolute

majority.
The Socialist bloc won 50.4 per cent of the votes, enough to give them a majority of seven seats over the combined opposition forces of the Conservatives, Liberals and Centre Party. In the process, however, the Social Democrats lost seven seats and for the next three years they will have to rule without the three-seat majority they had previously held over the non-Socialist parties.

Socialist parties.

It is still not clear from which quarter they will seek support in the Riksdag, the Swedish Parliament. On election night Mr Olof Palme, the Prime Minister, claimed that it was nothing new for the Social Democrats to rule as a minority Government. They had enjoyed their own majority for only six of their 47 years in gower.

That is certainly true, but nonetheless the political climate has changed significe.

The Liberals more than doubled their share of the vote and gained 30 extra seats in parliament, and Mr Westreberg, who took over the previously demoralised party only in 1983, has suddenly emerged as a potential Prime Minister in a government.

By KEVIN DONE Nordic Correspondent

the Centre Party for cooperation, but both parties have become wary of such approaches. Mr Bengt Westerberg, leader

of the Liberals who emerged as the chief winner of the September general election, maintains

appointment for the Conserva-tive Party, which increasingly had come to dominate the oppo-sition. The party emerged from the previous election in 1982 with a larger share of the vote than the Liberal and Centre parties combined and for a long time it appeared that its leader, We IIIF Adelsohn had a good Mr Ulf Adelsohn, had a good chance of becoming Sweden's first Conservative Prime Minister since 1928.

The Social Democrats thrived, however, on having the Conservatives. as the main opponent in the election campaign, which they turned into a more ideolo-gical fight than the country has seen for many years.
In fact, the real issue facing

the parties on both sides of the political divide—and the divide is smaller than suggested by the sometimes harsh rhetoric of the election campaign-is how best to deal with the serious struc-tural imbalances that still bedevil the Swedish economy. Both sides accept that the state budget must be reduced, that the deficit on the current account of the balance of pay-ments must be reduced, that

inflation must be brought down to the level of the country's

During recent decades Sweden has built the most com-

Sweden has the largest public sector in the Western world with the share of public expen-diture now more than 60 per cent of Gross National Product compared with the 30 to 50 per cent of most other industrial

countries. was put to the voters in stark
To finance such spending the terms and their verdict was



Olof Palme (left) and Bengt Westerberg: the political climate has changed significantly

main trading partners, and that some better solution must be found to the vexed problem of wage formation. This dispute is about the means to achieve these ends.

prehensive system of state-direction social welfare the world has yet seen. As a result, however, it has also built a pub-lic sector which knows no equal in its size and scope.

state has built up a mountain clear. The debate concerns of debt—at more than SKr rather how the existing system 550bn (\$690n) it is approaching can be soundly financed.

70 per cent of GNP. The Social If it is to be through higher Democrats have managed to relaxes the Government inevitable duce somewhat the size of the ably will turn towards the six years of non-Socialist rule state budget deficit but interest.

are still the second largest item in the budget after the social more likely to be among the opposition parties that the Social Democrats will have to services department. Sweden carries the highest search for allies. tax burden in the Western world at about 50 per cent of The Government appears to GNP compared with an average of some 37 per cent in the OECD, and it tops the league for personal income tax paid by the average production worker. have accepted the case that Sweden is already bumping its

state budget deficit, but interest payments on the national debt

head against the ceiling when it comes to taxation. It has promised not to increase the overall burden of taxation, but it remains to be seen what such There is certainly no majority in Sweden in favour of dis-mantling this system—the issue

ably will turn towards the six years of non-Socialist rule Communists for support. If it is that had been deeply marked to be through some form of more austere fiscal policy it is splits of the coalition partners. The Social Democrats' recipe for economic recovery revolved around an immediate and dramatic 16 per cent devaluation aimed at giving back a real competitive edge to Swedish export industries. The

strategy worked and the country enjoyed two years of strong export-led growth.

The weapon of devaluation is not available again, however. To repeat the medicine so soon Legion to be seen whether this is another case of the Government challenge to the one that con-

CONTENTS

Profiles: Olof Palme Bengt Westerberg

Foreign policy/defence

Banking Stock market Research and development

Forest products Engineering

Profiles: IKEA Hennes & Mauritz

the Government cannot count on the assistance of a strong general recovery in the world economy, which certainly played a strong part in making the up-turn of the past three years possible.

years possible. In the wake of the election Mr Kjell-Olof Feldt, the Fin-ance Minister, has admitted that the Social Democrats had "lyrical" terms during the campaign. the country in rather too

If the Swedish economy and Swedish exports are to continue to grow this can be achieved only by holding Sweden's cost increases at or below the level of competing countries, and there the omens are not good.

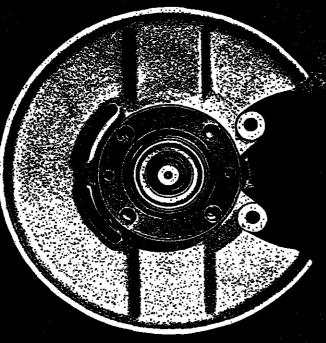
The Government has apparently given up this year's experiment of trying to establish a voluntary pay norm, but it presumably will not be willing to stand idly by if this winter's crucial wage negotia-tions threaten to get out of hand. Speculation has already begun that the administration is considering fining companies that pay far more locally than has been agreed in national negotiations.

For the public sector one of the innovations of Mr Palme's for-reaching Cabinet reshuffle after the election has been the appointment of a Wages Minis-ter to oversee public sector pay

policy.
The Social Democrats have tried before, however, to talk down inflation and wage levels as a way of avoiding tough

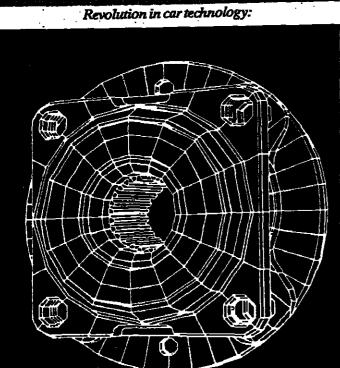
Changing the shape of bearing technology.



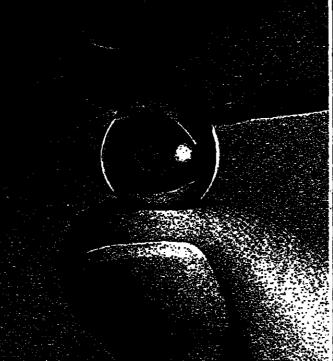


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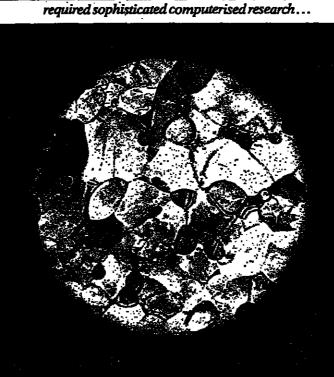




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There are around 20 rolling bearings in a front wheel drive car, those in the wheels subjected to the most arduous conditions. Within this difficult area, SKF completely broke with convention - devising a single unit that combines bearings, hub, stub axle and suspension attachment functions.

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Our search for new answers takes us deep into the micro-universe of the bearing-where micro-changes of a 10,000th of a millimetre are now common-place. And new

bearing designs can yield energy savings of up to 80%. For this, high standards of metal-working precision are required - and 'near-absolute' accuracy has to be maintained from steel purity through computerised design to

Now, by harmonising new theory with the reality of new technologies we have shown how bearing life-and reliability-can be prolonged nigh on indefinitely.

75 years of close customer co-operation has given us the expertise to create a virtually boundless programme of ball, cylindrical, taper and spherical roller bearing types in some 25,000 variants. From miniatures weighing three hundredths of a gramme to giants weighing 500 million times more. Assuring our customers worldwide of the exact

bearing for every application. And ultimate reliability. At SKF, our contribution to the automotive industry will continue to evolve.

SKF. The exact bearing.



Edition Scotland Money Market Cheque Account.

BY THE time the next election comes around in 1988 the Social Democrats will have ruled Sweden for 50 of the last 56 years. The party clearly likes continuity — since it was founded in 1889 it has had only four leaders: Hjalmar Branting, Per Albin Hansson Ton-Erlander and Olof Palme.

The party is accustomed to ruling Sweden with more or less continuing success. Two defeats in 1976 and 1979 wer, difficult setbacks for the Social Democrats to bear, but Palm has managed nonetheless to hold the party together. the party together.

This is perhaps his biggest single achievement since taking over the party leadership 16 years ago. "He is like a sheepdog," says one senior official in the administration. "Whenever part of the flock threatens to break away, he is there to keep them in line."

Critics charge that Mr Palme is too ready to put party unity above all else. He certainly faces a difficult challenge over the next three years as he tries

By Kevin Done

Unchallenged as party leader

Continuing powerful growth.

cope with continuing serious imbalances in the economy.

Disunity in the Cabinet rarely comes to light and Mr Palme is unchallenged as leader of the party. His stature also inevitably has been increased by the death earlier this year of Mr Tage Erlander, the former leader.

Palme can be harsh and disparaging towards his political

Paime can be harsh and disparaging towards his political opponents, and one of his major tactics for holding together the party in both opposition and government has been to focus its attention on some common outside enemy. faces a difficult challenge over the next three years as he tries to hold together the different elements and at the same time to the same time decision to focus the Socialists' attack on what Palme claimed

Vales for the Malmö based Sonesson Group increased strongly

The Sonesson strategy for future growth is intensive product development and penetration of new markets, combined with

an aggressive acquisitions policy.

The operations of the Group cover several business segments

in a number of markets. They include engineering, electronics,

pharmaceuticals, medical technology and energy, a spread that

Early in 1985 the Stock Exchange quoted company Gambro

was incorporated into the Sonesson Group, making the seventh

segment of business operations and bringing the total number

SAB NIFE Systems for uninterrupted power supply, batteries, brake equipment and wheels for railbound traffic, electronic

CRAWFORD Industrial doors, doors for private homes, wall

SCANPUMP Pumps for the pulp and paper industries as well as

DACKE Stock Exchange quoted company majority owned by

Sonessons. Group companies with operations primarily in

systems, dock levellers, dock shelters and storage lockers.

for chemicals, mining, engineering and marine use.

signal and control systems as well as communication equipment

serves to smooth out the economic fluctuations in national

during 1984. Figures were up 44% to approx. US \$ 500 million.

Operating results were up even more - 68%.

markets or particular industries.

of employees to the 11,000 mark.

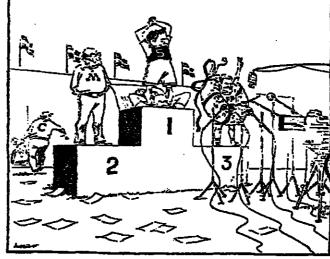
trading and engineering.

whole career in politics. From university in Stockholm he moved full time into student politics and already in 1953 at the age of 26 was plucked out to become personal secretary to Mr Erlander. He was a Cabinet reminer from the seals 1960s member from the early 1960s, serving as both Communica-tions and Education Minister. Adopt at finding radical ele-

ments in earlier generations of his family. Mr Palme in fact grew up in the capital in a deeply bourgeois family with roots far from the Swedish labour movement. His father and grandfather were managing directors of Swedish insurance companies and his mother and grandmother both came from aristocratic backgrounds. from aristocratic backgrounds.

Although forced during the latest election campaign to spend an uncomfortable amount of time dealing with the intri-cacies of the economy and personal taxation, Mr Palme is personal tanation, but raime is in fact far more at home on the international stage. There he acts largely as his own Foreign Minister, preaching the gospel of peace and disarmament and solidarity with the Third World.

Swedes generally appear im-pressed at the broad network of pressed at the broad network of Palme's international contacts. He speaks several languages fluently and is as much at ease addressing a crowd in Spanish in Managua, the Nicaraguan capital, as he is adept at handling questions in German, French or English at international press conferences.



How the parties stand of seats % change 76 -16 41 -12 51 +30 Conservatives +3.1 50.4 - 0.8 f Includes for first time the Christian Democrats (KDS) who stood on combined ticket with Centre Party. In 1882 KDS scored 1.9 per cent, below the minimum 4 per cent needed for entry to Riksdag.

"Victory ceremony," Anders Andersö's cartoon in Svenska Daghis-det, Sweden's leading independent conservative daily paper. The real victor of the September 15 election, it shows, was Bengt Wester-berg, the Liberal leader, who more than doubled his vote while

Balancing act for

Politics KEVIN DONE

EVEN BEFORE the final votes were counted in September, it Centre Parties-have reacted was clear to Mr Olof Palme, the Prime Minister and leader of the Social Democrats since 1969,

that he faces a tricky balancing act in the new parliament, Mr Palme fought the 1985 election campaign in uncompromising style. He singled out the Conservatives as the main foe and led a merciless attack against the forces he claimed were hell-bent on rolling back the welfare state and under-mining the social reforms that had been built up with such care during the previous

But on election night Mr Palme began to employ another tone, however. He appeared to offer an outstretched hand to the opposition expressing the hope that it would be possible to form "as broad a base as possible for our work in par-

The Government declaration. delivered to parliament last month, offered few clues as to what programmes the Social Democrats intend to pursue over the next three years, but again Mr Palme appeared to make conciliatory overtures to the non-Socialist opposition.

"The Swedish tradition calls on us as far as possible to negotiate consensus solutions to important questions facing society. Our country has gained from this way of working. It Mr Bengt Westerberg, leader For much of the period since Party it proved insufficient to is a tradition of co-operation of the Liberals and the chief the 1982 election the Conserva- force a change of government.

BENGT WESTERBERG was

The Liberals had been the

biggest opposition party for much of the 1950s and 1960s, but their fortunes slumped

during the 1970s. A succession of different leaders failed to

arrest the decline and in 1982 their share of the vote plunged

With his clean-cut image --

His message of "social responsibility without Socialism"

painted a picture of reason and

moderation which stood in stark

contrast to the much sharper ideological tones of the pitched

keep intact in relations to other parties in the Riksdag."

It is a tradition that Mr Palme has paid scant attention to during the last three years, however, and not surprisingly the three opposition parties—the Conservatives, Liberal and Control Parties—have received They were dismayed when the Social Democrats insisted

on pushing through their con-troversial scheme for wage-earner funds in 1983-84 despite a clear majority of public opinion against the plan. The non-Socialist parties claim that the funds are a way of forcing companies to pay for their own socialisation. Under

the scheme corporate profits are siphoned off into trade union-controlled funds, whose task is to invest the proceeds in building up a growing stake in Swedish industry. The three centre-right parties

were committed to abolishing the funds if they had won the election, and the Social Demo-crats' uncompromising stance on this issue in the last parlia-ment has helped to sour relations between the blocs. Mr Thorbjörn Fälldin, the

former Prime Minister and leader of the Centre Party which suffered the biggest defeat in last month's election, has been particularly sceptical about the chances of co-operating with the Social Democrats and clearly feels betrayed about the way Mr Palme has failed to honour the full spirit of earlier agreements, in particular one concerning marginal tax re-

expenditure cuts.
In the new parliament the Social Democrats have 159 seats compared with the 171 seats of the centre-right opposition.
The Socialist bloc overal! —
including the 19 seats of the
Communists—has 178 seats.

Share

The ruling Social Democrats' share of the votes fell from 45.9 per cent in 1982 to 45 per cent in the September 15 election. They lost seven seats as well as their previous three-seat lead over the combined forces of the Conservatives, Liberals

one seat with their share of the vote virtually unchanged at 5.4

The Social Democrats' showing was clearly not as impres-

by the shouting match between the Socialists and the Conservafor much of the period since

victor in the election, says it would be preferable for the Social Democrats to lean towards the opposition, rather than to the Communists for support—but he is sceptical about the Government's willingness to follow the opposition line in holding back tax increases and insisting on public expenditure cuts.

tives had been riding high in the opinion polis. At that election they emerged for the first time with more voices than the Laberal and Centre Parties combined. Talk started of the new "högervind" blowing through Swedish politics, and the Conservative leader Mr Uit Adelsohn became the obvious non-Socialist candidate for the Conservative leader Mr Un Adelsohn became the obvious non-Socialist candidate for Prime Minister. The Conservatives have not provided a Prime Minister in Sweden since 1928.

When it came to the vote, however, it seems that the Conservative message was too strong for Swedish voters to stonach. After running as high as 30 per cent in the opinion polls 12 months ago the Con-servatives scored only 21.3 per cent in the election.

The Conservatives had to bear the brunt of the Social Democrats' attack, Fearing that they could actually lose power to the Conservatives the Social of the Conservatives, Liberals and Centre Party.

The Communist Party lost one seat with their share of the of neo-liberalism, warning that the very foundations of Swe-den's welfare state were in

danger.
Mr Palme claimed strongly ing was clearly not as impressive as in some earlier victories, but they did manage to claw their way back from an apparently hopeless position in the opinion polis a year ago when they were scoring as little as 38-39 per cent.

With a platform offering "Social Responsibility without Socialism" the Liberals managed to fill the niche left by the shouting match between rheroric — but with the poor

and at the polls."

In fact the non-Socialist parties did increase their vate by 3.1 per cent to 48.1 per cent — for all of Mr Palme's rhetoric — but with the poor showing of the Conservatives and in particular the Centre Party it proved insufficient to

BENGT WESTERBERG was
the undisputed victor of
Sweden's general election.
Only two years ago he took over
a demoralised Liberal Party,
which at the last election in
September 1982 had slipped
dangerously close to
minimum i per cent needed for
representation in the Riksdag.
The Liberals had been the

Real victor of the election

crats and the Conservatives. Mr Westerberg showed him-self a master of television techniques and the Liberals

their share of the vote plunged to only 5.9 per cent and the party won just 21 seats in the Riksdag.

Last month the years of decline were forgotten, however, as Bengt Westerberg emerged as Sweden's new political hero.

Mr Westerberg showed himself a master of television techniques and the Liberals' fortunes blossomed in the final run-up to the election when the sampaign moved into the TV studios.

He grew up in Södertälje, an industrial town to the south of He grew up in Södertälje, an industrial town to the south of Stockholm, and the family paint one leading Swedish newspaper described him after the election as "a mother-in-law's dream"—Westerberg, 42, managed successfully to lay claim to the middle ground of Swedish politics drugstore

Sodertälje Färghandel AB, often tends to crop up in his political speeches. As a theme it is reminiscent of Mrs Thatcher, the UK Prime Minister, and her childhood in the grocery store in Grantham. It was during the six years of non-Socialist rule from 1976 to 1982 that Mr Westerberg first worked his way to some prominence nationally. In the autumn of 1976 he joined the

Labour Ministry as an advisor working partly on immigrant

moved to the Liberal Party's co-ordination office in 1978 and in autumn that year took over as Under-Secretary of State in the Industry Ministry. In 1979 he was appointed to the same position in the Budget Ministry.

When parties were defeated in 1982 he helped to found and became director of an economics insti-tute—the Foundation for a Market Economy Alternative in Sweden (MAS)—underlining his growing involvement in the national economic debate.

With the Social Democrats in n minority and needing support from the opposition if they choose to tighten economic policy, Mr Westerberg now

PROFILE: BENGT WESTERBERG By Kevin Done in the new parliament.

He is wary of the Social Democrats' "outstretched hand," however, and claims that the bad experience of previous agreements with Manuel Social New York Social Democrats' "outstretched hand," however, and claims that the bad experience of previous agreements with Manuel Social Democrats and Claims that the bad experience of previous agreements with Manuel Social Democrats agreements.

vious agreements with Mr Palme "has raised the price of co-operation."
"We have seen in several

cases that even if we reach an agreement there is no guarantee that they will keep operate is much less now."
In his early months as leader

of the Liberals Westerberg came over as a rather cold and colourless politician lacking in bumour, but the election campaign has done much to improve that image. By polling day Westerberg had built up a reputation for honesty and sincerity. He appeared not to duck the difficult questions and managed to avoid the sort of personal slanging matches with his opponents which many

Swedes still take exception to. He has still to show that he has the political guile and staying power needed to hold together the Opposition parties and unseat the Socialists in 1988, but in only two years he has managed to make the Liberals into a credible force in Sweden again, a task that seemed impossible even two

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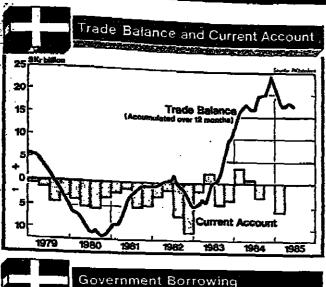
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SWEDEN 3



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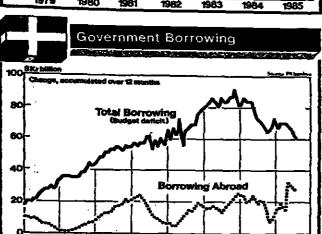
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Trade surplus eroded by jump in exports

The economy is highly depen-dent on exports, which account for about one third of GNP. In the wake of the 1982 devaluation exports soared for two years in 1983 and 1984, but this year the country again has started to lose shares of international

The trade balance has again begun to deteriorate, chiefly as a result of a big-jump in imports and the trade surplus in the first nine mouths of the year totalled only SKr 8.7bn compared with a surplus of SKr 17.5bn in the corresponding period last year. The volume of exports has grown by some 2 per cent during the first three-quarters of the year compared with a jump of 9-10 per cent in the volume of imports.

Some 68 per cent of Swedish exports go to Western Europe with a further 13.5 per cent Western Europe with a further 12.5 per cent accounted for by sales to North America. In the first seven months of the year the US was Sweden's biggest single export market with a share of 11.3 per cent, but this was virtually equalled by West Germany with a share of 11.7 per cent. share of 11.7 per cent.

in third and fourth position, accounting for 9.8 and 9.7 per cent respectively of Swedish exports.

West Germany and the UK are clearly Sweden's most important suppliers, accounting for 17.7 and 14.8 per cent of the country's imports.

Among Sweden's 20 most important markets, trade with China has increased most dramatically this year with a fump of 102 per cent in the value of Swedish exports in the first seven months.

Overall, Swedish exports are dominated by two industries, cugineering and forest products. The engineering indus-try, which is dominated by some of Sweden's biggest multinational corporations such as Volvo, Electrolux, Ericsson, Saab-Scania and Asea, accounted for some 47.1 per cent of exports from January to July.

The forest products industry, which includes the two biggest producers in Europe, Stora and Svenska Cellulosa, provided some 18.5 per cent of Swedish exports, while Iron ore, steel and other metals exports accounted for exports accounted for a fur-ther 12 per cent.

Government shies at tough measures to cut inflation

Economy KEYIN DONE

AFTER THREE years of relatively strong growth Sweden's economy is entering a delicate stage of development, in which the coming wage round is looming as a major obstacle to future

Despite a string of short-term successes the Social Democratic Government has still to show convincingly that it can deal with the serious underlying structural imbalances in the Swedish economy.

In the wake of the dramatic laber cent devaluation imposed in October 1982, Sweden's economic performance improved in several respects. The court by this December 1982 are cent by this December 1982 are cent by this December 1983. in several respects. The country enjoyed two years of strong export-led growth in 1983 and 1984. Industrial production recovered quickly from the deep recession of previous years, corporate profits boomed, invest-ment picked up, and the county's external payments posi-

county's external payments position improved dramatically.

Last year the current account of the balance of payments was in surplus for the first time since 1973 and for a brief period it seemed that the Social Democrats' strategy for recovery, that the country should both "work and save" its way out of crisis, was succeeding.

The devaluation following on the heels of another 10 per cent of the heels of another 10 per cent devaluation in 1981 certainly gave Sweden's export industries as competitive edge in international markets that they had not enjoyed for more than a decade.

Crucially, however, the Government needed to deal resolutely with the inflationary pressures caused by the devaluation, if this competitive advantage was not to be eroded quickly in subsequent years. Most importantly, it had to meet the challenge of holding Swedish labour costs down to the level of the country's leading trading partners.

Both in terms of labour costs

In the year to August prices used by the state and local authority employers to hold down wage increases in 1985.

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In the year to August prices used by the state and local authority employers to hold down wage increases the 1985.

In the first half year, so that the major impect would be felt first in the year. So that the major impect would be felt first in the situation was decade.

Crucially, however, the Government needed to deal resolutely with the inflationary pressures caused by the devaluation, if this competitive advantage was not to be eroded quickly in subsequent years. Most importantly, it had to meet the challenge of holding Swedish labour costs down to the level of the country's leading trading partners.

Leading is shown by the izer main in the Netherlands and West Germany consumer prices rose by only 2.1 and 2.2 per cent respectively. So far the Government has shied away from taking the sort of tough economic measures that could be expected to bring down inflationary expectations in Sweden. Partly as a result the country is burdened by virtually the highest real rates of interest in Europe.

and inflation the Government admittedly ambitious targets. It it is it is incomes policy the Social has been saved to some extent Democratic government has by the fact that productivity has started to involve itself to an improved sharply during the last three years as industry has wage bargaining process—but used up surplus capacity, but a coording to the country's National Institute of Economic Research, Sweden "has now spring of 1985 the Government confluenced an intensive series." according to the country's National Institute of Economic Research, Sweden "has now exhausted the biggest part of its

productivity reserves."

Inflation has been falling in way to go before it matches the level of the country's main competitors. Last year the Government set a target of cutting inflation to 4 per cent by December, but in reality it was running at more than double

cent by this December. It has tried a number of cosmetic measures including repeated price freezes. The last was imposed in March and, despite dispensations, still covers about 30 per cent of private consumption. But most forecasts suggest that inflation will still be running at 5.5 to 6 per cent in December this year.

and inflation the Government
For a country that ostensibly the 1984 wage agreements, and has fallen far short of its does not pursue an interveneven though the Government admittedly ambitious targets. It tionist incomes policy the Social tried to avoid honouring the

conducted an intensive series of meetings with the leaders of productivity reserves."

Inflation has been falling in the employers and the trades sweden, but it still has a long way to go before it matches public sectors to try to conthe level of the country's main vince them of the need for moderate wage settlements.
The so-called Rosenbad talks

named after the Government Chancellery where they took place — led to a voluntary agreement on a 5 per cent wage ceiling. As its price the Government agreed to pay out an income tax rebate in time Government agreed to pay out an income tax rebate in time for the summer holidays and before it had time to see if the employers and trade unions a deficit of SKr 14bn in could hold their side of the bargain.

at local level have clearly burst of SKr 3.3bn. the voluntary guidelines and, according to the latest forecasts by Skandinaviska Enskilda Banken, the country's leading

was succeeding.

highest among its eight main winter's wage talks is hardly promising. One of the tactics promising. One of the tactics used by the state and local

deal, it was finally forced to negotiate to end the strike. Some 550,000 civil servants

won a further 2 per cent wage rise from this December and a similar deal has since been gained by the country's local authority workers. Mr Olof Palme, the Prime Minister, has called in general

terms for wage restraint, but there is still little indication of how the Government intends to shape economic policy in practice, and what measures it is willing to take to enforce low nominal wage rises.

Slumped

hargain.

In the event, Sweden's the external payments situation notorious wage drift has again since last year when the first taken hold. Agreements made eight months showed a surplus

In a recent interview Mr Bengt Dennis, governor of the Riksbank, claimed that the Government's economic at Highest

In September, the year-onyear inflation rate was 6.7 per
cent—a considerable improvement for Sweden, but still the

Banken, the combrys teading two steading the continuation for example, industrial thousand already been set too wages are now expected to rise low at the beginning of the year when it published its 1985-86 budget. "The January budget was quite simply too weak.

The starting point for this puring the late winter and continuation to the late winter and continuation to the late winter and continuation." early spring it was clear that private consumption and total

photographed by Regic Rüster It was **HOW WE** LINK SWEDEN'S **WORLD**

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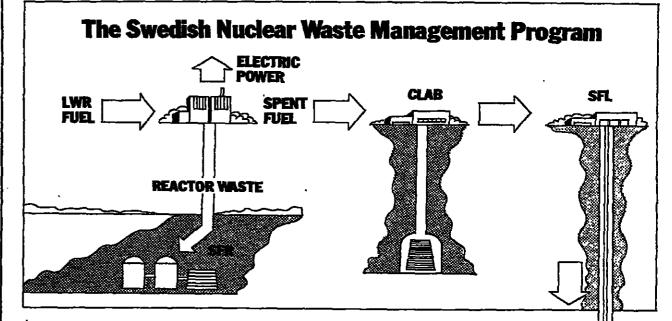
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Debate on military spending

Foreign policy/ defence

DAYID BROWN

ALTHOUGH THE strategic importance of northern Europe importance or normern current has grown in line with the tension in superpower relations, Mr Olof Palme told the Swedish Parliament recently: "Sweden's policy of neutrality stands firm. We have won respect for our determination to defend the tendent determination to defend the ter-ritorial integrity of this country with all means at our disposal." Yet one day earlier that claim

was implicitly rejected by none other than the Supreme Commander of the Swedish Armed Forces, Gen Lennart Ljung, who warned of a major deterioration in the strength of Sweden's defence and therefore the credibility of its neutrality

policy.

"There is a growing gap between the demands which are placed on us and our actual capabilities," he said. Unless the nation approved a major 3 per cent annual increase in defence spending over the next crease its strength. five years its military strength would continue to seriously

erode, he added. In the past 20 years, Swedish In the past 20 years, Sweden's as Mr Carl Blidt, two countries.

such critics as Mr Carl Blidt, two countries.

Sweden is also seeking support for the idea of a corridor fence minister, that Sweden's concession in agreeing to Stocknown and a substantial fence minister, that Sweden's concession in agreeing to Stocknown and a substantial fence minister, that Sweden's concession in agreeing to Stocknown and a substantial fence minister, that Sweden's deviced by a sufference of Nato-Sweden is also seeking support for the idea of a corridor in Central Europe which would be declared out-of-bounds for sality to mobilise its 800,000 adequately backed by a sufference in European battlefield nuclear weapons.

Together with a deterioration in the stability of the Nordic region have come new threats (Gen Liung indirectly pointed to Soviet sabotage units suspected of having operated along the Swedish Baltic coast) and continued submarine and air violations of the country's territorial integrity.

Sweden is in a delicate posi-tion in the Nordic region as the military buffer between Finland, Nato (represented directly on its western frontier by Norway) and the Warsaw announced he had accepted an Pact powers, with the Soviet invitation to visit Moscow and Union, Poland and East Germany across the Baltic to out "political injury."

the east and south It has been believed that as long as Sweden maintains the military resources to stop either side from using it as a transit and staging area, both Nato and Warsaw Pact forces would require fewer men and weapons in the region, thus at Karlskrona.
helping to reduce tensions. Con- Attempts helping to reduce tensions. Conhelping to reduce tensions. Conversely, a weakness might Swedish-Soviet relations began
encourage either side to inlate last year. They continued
crease its strength.

with several high-level mini-

strengthened the argument of the trade balance between the such critics as Mr Carl Blidt, two countries. the Conservative shadow de-Moscow made a substantial

a higher priority. Its share of GDP has dropped from 3 per cent in 1982 to 2.8 per cent

Despite the debate over mili-tary spending there is, however, a substantial consensus which cuts across party fine on the need for better relations with Sweden's biggest neighbour, the Soviet Union.

out "political injury."
The decision marked a major

step towards normalising relations with Moscow, which had been sour since a Soviet sub-marine ran aground in late 1981 after "navigational errors" in restricted waters surrounding Sweden's main naval installation

Heavy troop build-ups by the sterial exchanges this year and Soviet Union and repeated territorial incursions have ment which seeks to improve

men within 71 hours is seriously in doubt and the weakness of its air and anti-submarine defences has been of particular concern.

Together with a deterioration in the stability of the Nordic that the military should receive in the stability of the Nordic that the military should receive the number of the Nordic that the military should receive the number of the Nordic that the military should receive the number of the Nordic that the military should receive the number of the Nordic that the military should receive the number of the Nordic that the military should receive the number of the Nordic that the military should receive the number of the Nordic that of apologising formally for a territorial violation by one of their bombers (which it had previously denied) following a strong diplomatic protest from Stockholm.

Beyond its relations with the superpowers, Sweden has taken a number of important foreign policy initiatives and its official non-participation in miltary alliances has not prevented it from forcefully stating its

In the midst of the recent The Government has pushed election campaign Mr Palme through Parliament a number announced he had accepted an of measures which restrict dish investment in and trade with South Africa as a protest against apartheid policies. It is also pressing for a decision in the United Nations Security Council for mandatory sanctions against the

Pretoria regime. Sweden has carefully cultivated its image in the Third World, an important market, with its commitment to spending 1 per cent of GDP on aid to underdeveloped countries.

It has actively pursued proposals for the establishment of a Nordic nuclear-free zone, but so far received little support from Denmark and

Norway, both members of Nato.

According to Swedish law the nuclear power producers have the responsibility for handling and final disposal of radioactive wastes from their plants.

This obligation has been delegated to a separate, jointly owned organization, the Swedish Nuclear Fuel and Waste Management Co., SKB. SKB will perform all work needed for the implementation of a total system for safe handling, treatment, storage and final disposal of all kinds of radioactive

Parts of the SKB system - the interim storage facility CLAB and integrated trans-

portation facilities - is already in operation. A final repository for low and medium level waste from reactor operations, SFR, is under construction. The feasibility of safe final disposal of HLW and spent fuel has been demonstrated in the KBS reports. R&D work and site investigations for a final repository of spent fuel, SFL, are continued in order to find a broader base for a final decision.

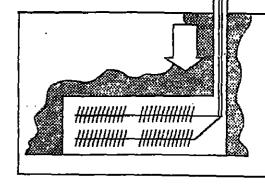
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Further step in liberalisation

Banking KEYIN DONE

THE REMOVAL of interest rate controls on the banks earlier this year marked an important further step in the liberalisation of Swedish finan-

At the same time the barrier maintained for so long against foreign banks entering the Swedish market is also being removed. This month the Government received the first applications from 14 foreign institutions wishing to establish subsidiary banks in the country

the spring next year.

There is still some way to go.
Far-reaching foreign exchange regulations are still maintained force and the banks are still subject to so-called "recommendations" from the Riksbank, the Swedish central bank,
on their lending relumes for their lending volumes, for

of capital and credit controls By the end of last year a money and highly regulated financial market had been built with a

of circumstances than positive choice. In Sweden, in particular, the emergence during the second half of the 1970s of large financial imbalances in the shape of persistent current account and budget deficits have forced a degree of deregulation on the financial

Mr Kjell-Olof Feldt, the and the first foreign banks Swedish Finance Minister. could open for business during insists, however, that the the spring next year.

All Renoted Feat, and make a virtue of necessity.

"We have seen these pressures
as an opportunity to increase
efficiency in the allocation of direction."

In fact, Sweden's financial

"The Reuters monitor showNonetheless, the traditional markets have undergone a quiet ing information from the
picture in the Nordic countries revolution in the past five years. Riksbank began to flicker and

Euroc, one of Sweden's major industrial and trading groups supplies the international building and construction industry with materials, equipment, technology and services. In other fields, Euroc concentrates on developing and commercially using its special know-how.

Euroc annual sales amount to SEK 5.4 billion, with 8,100 employees. Customers outside Sweden account for more than half of

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CONTINENTAL CEMENT

GUNNAR BJAN

bankers from Svenska Handels-banken, Lars Nyberg, Anders Kvist and Pehr Wissen, graphically describes the changed atmosphere and how the money market began to come of age earlier this year. Every market has its tradi-

Every market has its traditions. In Sweden, according to
tradition, monetary policy is
made on Thursdays and only
on Thursdays. That is the day
the board of the Riksbank
meets. During the summer
there is a certain adjustment
to the climate and monetary
policy is only exercised every
other Thursday. other Thursday.

Monitor

"January 22 1985, was however, a Tuesday. The money markets were quiet. Many dealers had left their desks to go to lunch, some were sitting in a meeting discussing the formation of the futures market.

"The Reuters monitor show-

of Stockholm) to get back to their desks. One of them rang up a couple of hours later to ask for his jacket and wallet to be sent over by messenger.
"In less than an hour, Swedish interest rates jumped by close to two percentage

"This snapshot from January 1985 could not have been taken a couple of years earlier. Then there were no dealers, no desks, no Reuters screens and no money market. The Riksbank was there but it used totally The reform and restructuring different methods for imple of the financial markets means

different methods for implementing monetary policy, and it did it, as described, preferably on a Thursday."

The birth of the money market in Sweden is generally dated to March 3 1980 when the first certificates of deposit were whole process really began to gather pace first in 1982 when the state first began to issue the beginning of 1986 the two

Stock market

DAVID BROWN

AFTER SEVERAL years of phenomenal expansion, the

Stockholm bourse has come back down to earth. While the world's other premier exchanges have registered solid growth this

year, Stockholm share values stand at roughly the same level

as at the turn of the year.

Both domestic and inter-

national investors have with-

held support, with the major concerns being the continued high tax rates following the

recent re-election of the Social

Democratic administration, con-

tinued high interest rate levels, and the expected deterioration

tiveness in international mar-

The value of the market dropped some SKr 3bn (out of a total market capitalisation of

about SKr 240bn) following a general election that left the

ruling Social Democrats more

dependent on active Communist support in Parliament, but made a slight subsequent recovery.

Overall, however, "things have been pretty boring," as one

rmarkets, has had to be revised as Sweden—as well as neighbouring Norway and Finland—have gradually moved more into line with the accelerating international trend towards capital liberalisation and the increased integration of financial markets.

Some of the moves towards liberalisation have resulted admittedly more from the force of circumstances than positive market operations chiefly through the sale and purchase of T-bills. The Riksbank is clearly

pleased with the new instru-ments it has available, but it is concerned that the laxity of the Government's fiscal policies is leaving far too heavy a burden to be carried by monetary policy. As a result, Swedish real interest rates at some 7-9 per cent are still close to record levels and a yawning gap of some 7 percentage points has opened up between Swedish and Euro-dollar interest rates. The Riksbank tried to stem a

growing crisis of confidence in the krona in January with a sharp increase in market rates, but the move proved insufficient. By the middle of May, the out-flow of capital from the country had turned into a flood and the central bank was forced to act

ing information from the Riksbank began to flicker and a new page came up. It stated that the Riksbank was now selling Treasury bills at an effective annual rate of interest of 14 per cent. At the same time rate jumping to 11.5 per cent from 9.5 per cent and the penalty rate, which influences rates in the money market, rang up to point out that the information was correct.

"The calm in the markets was shattered for that day. Suddenly all the telephone lines were engaged. The meeting on the futures market ended in panic and dealers dashed through the Royal Gardens (the financial district of Stockholm) to get back to Prime Minister, that they were trades and the again, this time boosting official interest rates, with the discount rate jumping to 11.5 per cent and the penalty rate, which influences rates in the money market, rising to 16 from 13.5 per cent. At the same time, the central bank was forced to act again, this time boosting official interest rates, with the discount rate jumping to 11.5 per cent and the penalty rate, which influences rates in the money market, controls on the interest rates with the discount rate jumping to 11.5 per cent. At the same time, the central bank was forced to act again, this time boosting official interest rates, with the discount rate jumping to 11.5 per cent. At the same time the holds again, this time boosting official interest rates, with the discount rate jumping to 11.5 per cent. At the same time, the central bank removed the long-standing controls on the interest rates. Prime Minister, that they were abusing their new-won freedom.

The Riksbank did manage to cut rates again modestly on July 11 — both the discount and penalty rates were cut by one percentage point — sensing that the foreign exchange markets had calmed down, and that speculation about another despeculation about another de-valuation of the krona had abated, but the central bank is still very concerned that current high interest rates are

damaging the economy.

The reform and restructuring

whole process really began to of Uplandsbanken by Sundsgather pace first in 1982 when the state first began to issue the beginning of 1986 the two the state first began to issue the beginning of 1986 the two the leading UK, West German banks are forming a new institution, Nordbanken, which the issuing of market-related will be the country's fifth largest given around the end of Jahrandsbanken by Sundstan, No applications have been treevied in the first round from the leading UK, West German and Japanese banks, and Chase the issuing of market-related will be the country's fifth largest its absence.

Shares back to earth

five years, when it moved from

one of the world's ten biggest trading houses with SKr 70bn

good, according to the Swedish

Federation of Engineering in-dustries Sweden has passed the peak of its industrial cycle and

the market is preoccupied with

economic policy decisions.

A huge budget deficit and

heavy foreign borrowing re-requirement have fuelled an inflation rate of 7 per cent, which ranks with the highest of Sweden's major trading part-

The expectation of a fall in rates could have an important

positive impact on the bourse

but at the moment that pros-

The Stockholm exchange is still heavily dominated by the

institutions, insurance com-panies, investment houses, com-

panies and foundations which to-gether control some 60 per cent of the market's total value.

Foreign investment institutions

pect seems to be lacking at see for the next several months.

ems to be lacking at least

context of the exchange's extra-ordinary expansion in the last while share values themselves

a sleepy backwater bourse with to 14 per cent return on risk-a turnover of some SKr 2bn to free bonds — their preferred in-

today. Share values climbed alinestment in share ownership most 400 per cent to a peak last although exceptionally high has

Although half-year corporate government tax-subsidies savings

results were fundamentally schemes which offer better re-

the government's forthcoming vate share saving — an im-economic policy decisions. — portant concession in a country

vestment is clear.

market value.

The relative level of private

turns. Private individuals con-

trol about 25 per cent of the

The non-Socialist opposition

had promised tax relief for pri-

with one of the world's highest tax rates but clearly these are

not on the horizon.
Instead, there is mounting

speculation about the impositions of new capital gains or turnover taxes, although the Finance Ministry so far has

The Social Democratic victory

does mean a continuation of the controversial "wage earner

funds" — a system of union-held shareholdings financed by

a special tax on corporate profits.

The funds were attacked by industry as a first step towards

year. Nineteen large Swedish groups are listed abroad, with

seven foreign companies being traded in Stockholm including Nokia and Wartsila of Finland,

and Norsk Data and Norsk Hydro of Norway.

Overall,

Overall, brokers expect activity to be relatively quiet in anticipation of the government's haw economic policy programme.

denied any such intention.

Controversial



Bengt Dennis: attack on the government.

commercial bank after Skadina-viska Enskilda Banken, Evenska Handelsbanken, PKbanken and Both banks see the merger as a response to the rapid

changes occurring in Swedish and international financial mar-kets and hopes they will gain greater strength to meet in particular three challenges. Demands for more sophisticated corporate services and for greater specialisation in the money and capital markets. Competition from the foreign banks.

• Growing requirements for the automation of banking services. The

competition from the foreign banks begins in earnest next year. The deadline for applications from foreign banks in the first licensing round was October 1. Some 14 institutions applied, of which two Banque Indosuez of France and Postipankii of Finland are seeking to establish a joint venture (50 per cent owned by Indosuez) similar to their existing co-operation in

Approvals

The full list of applicants comprises five French banks, Credit Lyonnais, Banque Pari-bas, Banque Nationale de Paris, Société Générale and Banque Indosuez, three from Norway, Den Norske Creditbank, Christiania Bank and Bank of Oslo, two from the U.S., Citibank and Manufacturers Hanover Trust, three from Finland, Kansallis-Osake-Pankki, OKOBANK and Posti-pankki, and the Dutch, Algemene Bank Nederland.

The applications will be con-The long-awaited restructursidered by the Swedish authoriing of the regional commercial
ties during the winter and the banks has begun in earnest with first approvals are likely to be the SKr 390m all-share takeover given around the end of Jangiven around the end of Jan-uary. No applications have been

Facing unions'

THE GOVERNOR of the central bank has not usually taken an active public role in Sweden's economic de-bate, but Mr Bengt Dennis, head of the Riksbank for the last three years has de-cided to abandon the reticence of his predecessors.

His latest foray at the end of September, in which he attacked the Government for failing to tighten economic policies, in response to the poncies, in response to the country's worsening external payments position, has brought down on him the wrath of the trade union movement, but he appears unrepentant.

Mr Stig Malm, leader of LO, the powerful trade union confederation of blue union confederation of hine collar workers, has called for Mr Dennis to be replaced. The Riksbank governor should stop "playing finance minister," says Mr Malm. Despite the unions' strong position as the key supporter of the Social Democratic Government, however, it ap-Government, however, it appears unlikely that their demands will be met on this occasion, or that Mr Dennis will be silenced.

The choice of governor of the central bank in Sweden is political. The Riksbank's governing board, which makes the choice, is re-appointed every three years in the wake of the grantal election and of the general election, and its composition reflects the new party political balance in parliament.

Parliament appoints six of the board's members, but the president of the board is appointed by the Government. long been a close associate of Mr Kjell-Olof Feldt, the stagnate - compared with a 13 Finance Minister and says himself that the co-operation with Mr Feldt over the last three years has been, "very smooth, almost extra-ordinarily smooth. My prede-cessors had a more difficult time, because it is more difficult to be governor if you have a coalition government."

There is more than a uspicion that in his harsher utterances on the Govern-ment's economic policies he is actually acting as a stalking horse for the Finance Minister, saying aloud what Mr Feldt for political reasons can only think in private.

Mr Dennis has in common with Herr Karl Otto Pöhl, governor of West Germany's Bundesbank an earlier career as an economic journalist, but the Rikshank has never enjoyed the same independence as the Rundesbank as the Rundesbank

A member of the Social Democratic party, which has dominated Swedish politics for the last half century, Mr Dennis served as chairman of the Social Democrats' student union and it was in student politics that he first became acquainted with Kiell-Olof

In 1967 when Mr Feldt was appointed under-secretary of state at the finance ministry

agreements for Sweden in the Far East and worked too on bilateral co-operation agreements with some of the oil-producing countries such as Iraq and Nigeria.

At the Riksbank, where he took over the reins immedi-ately in the wake of Sweden's dramatic 16 per cent devalua-tion in October 1982, he has presided over a far-reaching liberalisation of the country's financial markets.

target projects

Commitment to

Research and development

SWEDEN'S recent decision to take part in the French inspired Eureka project is another step in a broad commitment to high research and development

For a small country of only

DAVID BROWN

8.3m—with a disproprotionately large number of large in-dustrial companies on the world market—such a commit-ment is recognised as the only way the country can hold its own on the international scene. own on the international scene.

"We are already very advanced in this type of research and development," says Mr Ingvar Carlsson, the so called Minister of the Future, "but Sweden is a small country and we depend on international contracts."

Stockholm has ruled out participation in those projects with potential military application which would run counter to its policy of non-alignment, but has targeted such areas as robotics, process control, telecommunications and biotechnology in which it already has a leading position.

Although a number of key details—not least financing—

Government instituted a new R & D policy in 1954 under which is supplementary SKr 150m is being spent over three years to strengthen the country's basic research facilities.

In the past decade, Sweden has seen the emergence of the science park phenomenon. Among the best known industry/academic research centres are Kista, Lund and Uppsala, where there is a dynamic

Although a number of key details—not least financing—remain to be worked out several major industrial groups have already signed on in principle. These include the IM Scandinavian institute for Ericsson telecommunications group, the Asea electrical engineering and electronics concern, as well as automakers Volvo and Saab, and Alfa Laval, the farm equipment and process engineering group.

Total R and D spending in of Gambro, now the world's Sweden last year exceeded are there is a dynamic mobility between gown and town.

Lund University is the largest under way. It was a Lund University professor. Mr Nils Alwall, whose pioncering discovery of portable dialysis equipment led to the formation of Gambro, now the world's largest company in the field. process engineering group.

Total R and D spending in
Sweden last year exceeded

SKr 19bn, of which baif was spent by the Government. This corresponds to 2.5 per cent of the Gross National Product (GNP), a level which is rivalled by only three other industrialised nations: the U.S., West Germany and Japan.

Following a period of stagnation in the 1970s, industrial R and D has grown rapidly not least in consequence of the strong corporate liquidity from profits generated by the late-1982 devaluation. The highest ratio is in the pharmaceuticals and biotechnology field.

Moreover, despite tough austerity measures in other budget areas, the Government has exempted R and D from a general order of 2 per cent cuts in all other departments.

It has also taken the unusual step for Sweden—of granting special tax treatment to prevent a domestic brain-drain and to help industry lure foreign specialists to take employment to help industry lure foreign specialists to take employment

in high-technology fields.

Moreover, as part of an active industrial strategy the Government instituted a new R

largest company in the field.

Output now in fewer hands

Forest products

DAYID BROWN

SWEDEN's financially strong forest products producers are to pay fines imposed by the moving into the increasingly European Commission for concompetitive world market on travening EEC competition the heels of two years' record rules, and gave in to pressure profits, heavy investment and extensive rationalisation. extensive rationalisation.

The pulp and paper industry The pulp and paper industry accounts for close to 20 per forest products producer folcent of Sweden's exports, with lowing its SKr 3.6bn takeover output increasingly concentrated in the hands of a few major domestic rival. It achieved record results in 1984

Swedish forest products exports had jumped by the end of 1984 by 18 per cent to SKr 47bn: the best performance in a decade. Pulp mills were operating at 95 per cent capacity and pre-tax profits in the sector rose 72.5 per cent to an estimated Skr 8.8bn. Pulp production climbed by 6 per cent to 9.2m tonnes, while paper output in-creased 7 per cent to 6.8m

Capital investments this year are at a record high, according to Statistics Sweden. They are expected to reach some 3.5bn compared with SKr 3.7bn

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This puts the industry in a relatively strong position now that the top of the paper cycle has been reached and pulp markets weaken because of excess production capacity world wide. Moreover, early this year, nine Swedish producers agreed

Stora is Europe's biggest

Following the late 1982 dewith a 145 per cent increase valuation of the krona of 16 in profits to SKr 1.27bu on 41 per cent, and the strength of the U.S. dollar, the value of SKr 8.08bu.

However, the heavy interest costs associated with its purchase of Billerud helped pull profits in the first eight months down by 60 per cent to SKr 661m on 4 per cent higher sales of SKr 8.5bn, Markets for both pulp and timber also weakened.

Svenska Celluloss (SCA), is the largest single private forest owner in the whole of Europe, with holdings of more than 4.2m acres. This 60 per cent self-sufficiency rate is one of the highest of any forest company in the world.

It is also a leading producer the previous year.

Productivity has improved dramatically. SCA, for example, has increased its total output by 18 per cent since 1970, but is using virtually the same amount will be financed with a loan with a loan of raw materials. Employment denominated in ECU,

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Government may be forced to step in with new incomes policy

Pay talks system breaks up

Labour

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DAYID BROWN

THE Social Democratic administration in Sweden made low wage increases in the forthcoming pay negotiations as its number one economic priority.
The new post of Wages Minister with Cabinet rank reinforces this.

But how and at what price this can be achieved remains a hig accepted by the manual workers question hanging over the country's economic policy.

The once-orderty Swedish pay harszining system is now spring again demanding combargaining system is now characterised by an increasing fragmentation between and among employer and union groupings, and this may force the Government to step in with what, in effect, may be a new incomes policy.

Fragmentation is a relatively new phenomenon in Swedish industrial relations. The breakdown of the so-called "Swedish Model" for centralised wage negotiations — which had ensured an enviable record of peace in post-war labour rela-tions came only in 1983 after a decline in real incomes. It was a move which had been considered both inevitable and desirable by business leaders, who were keen to get more flexibility and greater scope for incentives in the Swedish pay system.

But it also created a major threat to the Government's carefully balanced anti-inflation strategy and opened a Pandora's Box of free-for-all bargaining which produced a series of widely different pay settlements

over varying periods.

The fragmentation was complicated by the increasing number of workers employed by state and local governments. The growth of Sweden's wel-fare state has produced the Western world's biggest public employment sector, whose mem-bers have been increasingly strident in their demands for pay increases to keep pace with workers in industry.

In consequence, wage costs in 1984 rose by 12.3 per cent — well above the level among Sweden's major trading

Leap-frogging pay claims unemployment for became so numerous in the fol-

of business:

lowing year that the Govern— The big trade unions have higher wages for its members ment was forced to step in. not yet publicly announced than the LO average.

Union leaders were called to their pay claims, nor has the "We will never go back to the Prime Minister's office and Government stated its wishes, the presented with a demand for Meanwhile, SAF, the employers' a maximum 5 per cent pay in federation, has called for a crease norm, with the implicit threat of direct intervention.

the effective rise in real dis- be distr possible income the Government members. promised. As an incentive, Government offered a special tax rebate package.

ployees who broke ranks this spring, again demanding compensatory pay increases. Ultimately, the Prime Minister himself was forced to intervene and end the two-and-a-half week dispute which was Sweden's biggest-ever civil servant's strike.

principle of direct government intervention in wage talks is something of an anaethema to the Swedes and steps this year should be

avoided.

While the Government's

The pay norm was intended LO, the leading industrial to help bring inflation down to 3 per cent, which would ensure over how any wage rises should distributed within the

> The federation is discovering how much more difficult it is to put up a common front in a period of economic concentra-tion than it was during the boom 20 or 30 years ago.

Return

Centralised bargaining has been the key to the LO's "wage solidarity policy." helping to narrow the relative pay spread between the 2.2m members of its constituent unions to 30 per

LO is anxious to plug the cracks in the system and return to a more centralised bargainanaethema to the Swedes and ing procedure, but so far with-most are agreed that similar out success. Many observers steps this year should be believe the "Swedish Model" is dead.

economic policy is based, perrebuttal of the solidarity policy,
haps more than ever, on an the powerful Metalworkers the Government's ability to
orderly and inexpensive reso. Union broke ranks last year to change the standard of diving intion of the pay problem, it conclude a separate deal with through its tax and benefits remains uncertain whether the its industrial employers, and at policies is likely to become a labour movement will be able its union congress this summer much more important factor in to go along with it.

"We will never go back to

centralised bargaining em," says Mr Ake system," says Mr Ake Norlander, president of VF, the industrial employers' federa-tion. "It is a thing of the past." The industrial employers have increased the dissent within the union movement by

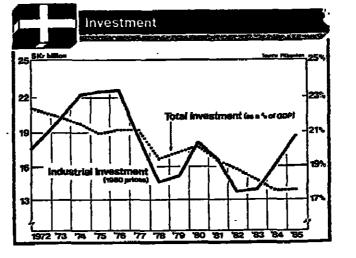
agreeing with the metalworkers in September on the principle of higher-than-average pay increases for industrial workers. That has caused anger among the lower-paid within the LO and may force another freetially disastrous consequences

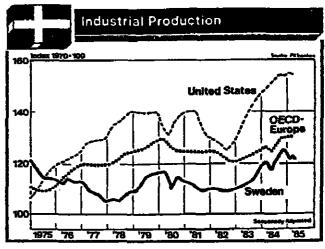
for the Government's anti-inflation policy.

Meanwhile, other groups such as the SACO teachers' union have called for hefty pay output. rises while the nurses' union has topped the scale with a cent.

With this free-for-all looming

ahead, the Government will have to consider what instruments it has at its disposal to influence the course of events.
With the biggest public employment sector in the world In a direct and controversial and its benefits system sup-





Slide from high profits

of investment activity slows next year, so too will imports. The down-turn has been most

noticeable in the electrical engineering sector, where Asea, one of the country's biggest

industrial corporations, has been forced to cut its profit

forecast for 1985.

Demand for the transport sector led by Volvo and Saab

Scania may also have peaked, although strong demand is

expected to continue through

Engineering

DAVID BROWN

the autumn in the mechanical

One in every 10 Swedes in

gainful employment works in

the engineering sector, where the biggest areas are machinery and transport. However, total

employment has declined by

about 30,000 to 200,000 in the

recruit some 20,000 persons anually over the next three

years to compensate for a grow-

engineering sector.

SWEDEN'S ENGINEERING sector is the backbone of the country's economy, generating almost half its total industrial

Roughly half its production is sold overseas and its share of total industrial exports has grown from 39.3 per cent in 1970 to 48 per cent last year. The biggest markets are the U.S., West Germany and

Among its brightest lights are companies such as SKF, the world's largest manufacturer of rolling bearings; LM Ericsson with its digital AXE telecommunications system; and Asea. Europe's largest manufacturer of industrial robots and a major competitor in the world market for power generation and transmission equipment, indus-trial process control and

However, following the major boom after the late-1982 devaluation of 16 per cent, profitability in the 100 largest engineering sector firms is now starting to drop by 0.6 per cent in the first half according to Statistics Sweden (SCB). The average rate of growth in turnover (13 per cent) is also

declining. However, this comes from extremely high levels following the devaluation, dur-ing which their financial also improved Of more serious concern are

ing employee turnover, but reports from the industry itself overall employment is expected that its economic cycle has already peaked. Capacity utilisato remain level. Export volumes in the first Swedish Federation of Indus-half climbed by some 4 per cent tries and the Engineering

tion, according to the Swedish Engineering Federation, is on a downswing. Moreover, Swedish companies are losing shares on their home market to foreign specialists.

A recent study by the

A recent study by

compared with the previous Federation points to a major fewer than 50 people.

With so many large companies

period, but imports have risen by between 15 and 20 per cent. It is hoped that, as the volume has led the Government to technicians and engineers, and has led the Government to institute a high-level committee to investigate possible solutions. The industry's past interna-tional success has long tradi-tions based on some key

inventions including the aligning ball bearing (SKF); the cream separator, (Alfa Laval); the desk telephone hand-set (Ericsson); and the refrigerator without moving However, its present strength

is based on as high degree of flexibility, imaginative manage ment and a willingness to espouse new production technologies. Moreover, Sweden has taken

an unusually rational approach in dealing with its ailing "smokestack industries."

Early last year, for example Sandvik and the A. Johnson group agreed to a major restructuring of the stainless steel industry with several pro-vious manufacturers which has involved heavy costs and closures but which has also made Sweden one of the most competitive in the business. past five years, with the biggest drops coming in shipbuilding and mechanical engineering.

The industry is expected to Meanwhile, the shipbuilding

sector is on the verge of far reaching changes, Sweden's share of the world market --once over 10 per cent — has now declined to less than 1 per cent. There are indications the country may withdraw from the market altogether.

Although the engineering branch is dominated by the industrial giants in terms of turnover, five of Sweden's 10 biggest companies are in the engineering sector - three out

capacity slashed

HIT BY a declining overall market, foreign government subsidies and protectionism. Swedish shipbuilding is dying.
Once one of the world's

biggest producers of merchant vessels with a world market share of over 10 per cent, the country now produces less than I per cent of the total.

Ironically, virtually no other country has cut so much espacity so quickly. Merchant shipbuilding is concentrated in the state-owned Swedyard group, which has slashed its workforce from some 35,000 since its formation in 1977 to shout 11.000 today. Early this year, the govern-

ment took the politically difficult decision to shut down the Uddevalla yard which produced tankers and bulk

carriers at a cost of some 2,400 jobs.

The remaining new building yard, Kockums, is among the most efficient in Europe and Götaverken Arendal is a major player in the efficiency. major player in the offshore fabrication market.

But both have short order books, face big gaps with no work, and are competing in an extremely limited market. Faced with the sink or swim requirement that it turn a profit on a strictly commercial basis by the end of next year, time is running out for

Policy on jobless proves expensive

THE Social Democratic administration has repeatedly ruled out unemployment-in-ducing policies as an accept-able cost for achieving balance in the economy. But this position is becoming increas-

ingly expensive.
According to AMS, the Swedish labour board: "The downturn anticipated in the next two years will make heavy demands on the strength and flexibility of labour market policy. There is a grave risk of unemployment rising steeply.' Sweden has one of Europe's lowest rates of open jobless-ness (3.2 per cent) and one of the lowest rates of youth memployment for the ages

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This has been achieved largely through an extensive and costly system of so-called labour market measures, conceived with the idea that, as Mr Larsson puts it, "cash (un-employment) assistance . . . should only be used as a last

These programmes employ about 200,000 people — about 4 per cent of the workforce.

A further 138,000 are forced to take part-time work in spite regular employment.

Beyond its traditional re-lief work and retraining programmes, the government has in effect attempted to outlaw joblessness among school leavers by requiring them to

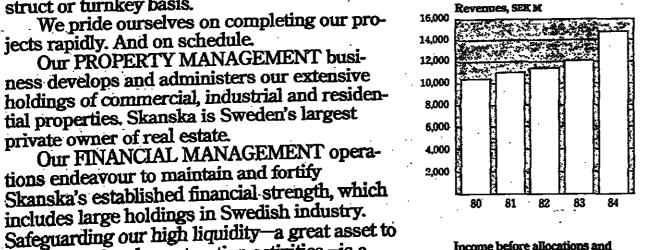
spend four hours every day in communal work brigades to qualify for welfare benefits.

However, even at the peak of the economic cycle youth unemployment in general con-tinues on a worrying upward trend, and there has been a marked increase in the number of long-term unemployed. Labour demand is expected

to remain unchanged, while the labour force itself will rise the labour force liself will rise by about 50,000. AMS has al-ready tabled the outlines of an extensive new programme which would expand make-work public infrastructure jobs for both young people and long-term unemployed and strengthen education and and strengthen education and retraining schemes.

CONSTRUCTION HAS FOUNDED OUR FINANCIAL STRENGTH, WHICH IS NOW THE FOUNDATION FOR OUR CONSTRUCTION.

Exchange rate on December 31, 1984: SEK 1,000 - USD 111. SEK stands for Swedish Kronor and SEK M for million Swedish Kronor.



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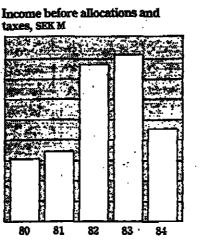
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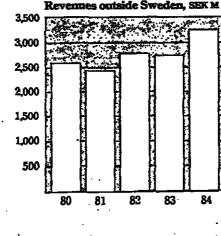
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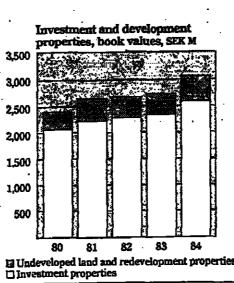
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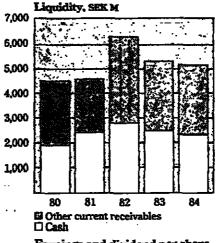
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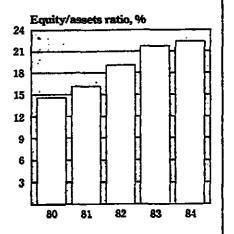
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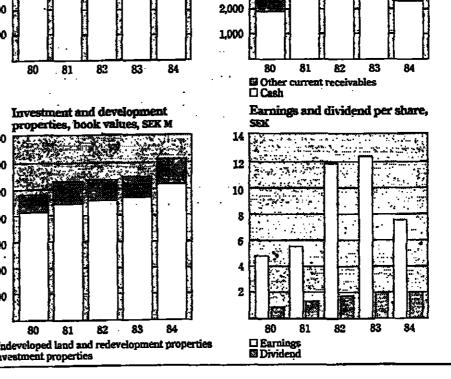








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Young players back the Swedish miracle

Tennis JOHN BARRETT

The first of the second of the

IN THE TENNIS world, it is called the Swedish miracle. How else can you explain the fact that a country with a population of only 8.6m and a climate that allows outdoor tennis for only four months of the year cur-rently has four men among the world's top ten and two more above 30?

Further, Mais Wilander (3), Anders Jarryd (7), Stefan Edberg (9), Joakim Nystrom (10), Henrik Sundstrom (21) and Jan Gunnarsson (27), all come from different areas of thecountry—none from Stockholm.

Nor are they products of any national plan. Rather they are living proof that a talented sportsman or woman, given the proper facilities and opportunity to use them, will rise above his peers.

The miracle can be traced directly to the phenomenal achievements of Bjorn Borg in the mid-1970s. It was the impact of his four French and five consecutive Wimbledon titles be-tween 1974 and 1980 that caused the number of tennis players in the 23 administrative districts Sweden to double during that the Swedish Sports Federation, time. A whole generation of founded in 1903, provides over Swedish juniors emerged emuthe year many weekend courses

for training and coaching that he had enjoyed.

This demand for court time put the pressure on local councils to embark on a building programme to provide indoor courts; and the craving for instruction put demands on the structure of Sweden's termis association.

payment of from £4 to £6 per hour.

permanent indoor courts dotted about the country, including about 200 in Stockholm alone and most of the clubs are run by the members themselves. This amateur commitment to sport runs through the whole of Swedish society. Throughout the 23 administrative districts

Actually, it's perfectly logical. If you merge Alfred Nobel's first Swedish company with his last one, the result could only be Nobel Industries Sweden.

lating his style of two-fisted top spin.

More importantly, his example fired the ambitions of a whole generation of tennis parents who wanted the same opportunities for their offspring for training and coaching that he had enjoyed.

This demand for court time put the pressure on local councils to embark on a building programme to provide ing programme to provide ing for instruction put demands on the structure of Sweden's termis

covering a wide range of subjects such as club administration, pythology and physiology. In conjunction with the regional branches of the 77 sounder courses for trainers, conduct courses for trainers, ample fired the ambitions of a wide range of subjects such as club administration, pythology and physiology. In conjunction with the regional branches of the 77 sample for trainers, ample fired the ambitions of a wide range of subjects such as club administration, psychology and physiology. In conjunction with the regional branches of the 77 samples of the 77 samples of the 77 samples of the 77 samples and officials.

Central government makes amnual grants totalling \$25m to the county councils provide another \$4.5m for educational ano

the structure of Sweden's termis association.

Happily, both groups of administrators answered the challenge. Local authorities in large and small towns throughout Sweden built a variety of structures in wood and steel to provide between two and six indoor courts where membership fees of about £15 per year gave them pre-booking rights. And anyone could walk in and play on empty courts for the payment of from £4 to £6 per vone to help the 40,000 sports clubs with their activities. In termis, as in other sports, the immediate past generation of national champions is pre-divident to the training of young players. I watched Lena Sandin, a former number one, working with a group of promising teenage girls last November. Another always ready to give his time to help the 40,000 sports clubs with their activities.

In termis, as in other sports, the immediate past generation of national champions is pre-divident to the training of young players. I watched Lena Sandin, a former number one, working with a former in such control of the control of the

our.

It is a surprise to find that
There are now about 1,400 there are only 30 full-time
ermanent indoor courts dotted coaches in Sweden (and many part-time ones) but during the past decade the National Tennis Association has trained more Association has trained more than 8,000 amateur coaches and helpers. They are the backbone of an extremely well-organised coaching system based on the clubs.

The association's share of the

Government grant is about \$300,000 which represents

approximately one quarter of their total income of \$1.25m. The balance comes from the balance comes from the balance comes from the balance comes from the backhand—a shot that many for nothing in return for the help they all received as juniors), from the Swedish Championships in Bastad, from membership fees of the affiliated clubs (\$65,000 per year), from TV and radio fees, from equipment testing and authorisation and, increasingly, from sponsorship.

authorisation and, increasingly, from sponsorship.

Short Tennis, a miniature version of the game, played with carefully - designed plastic raquets and a sponge ball, is a vital part of the development puramid. To see the enthusiasm of a group of five- to eight-yearolds all executing full tennis the international team competiswings, is to know that they are
acquiring healthy attitudes to
competition and court discipline
self-sufficient and themselves

weapons.

At the top of the pyramid are
the national squads in each of
the recognised age groups—14and-under, 16-and-under and 18and-under-which are a respon-sibility of one (sometimes two)

superfluous.
The last vital ingredient is competition. With regular weekend and annual tournswhile having fun.

Parents have a vital role to play while their children learn to perform a difficult skill well.

As Leif Dahlgren, former director of education for the Swedish Association, says: "Witbout the wholehearted co-operation of the parents no youngster, however talented, will succeed.

"If Bjorn Borg's parents had not been prepared to drive 20 miles per day in each direction to give Borg the early coaching with Percy Rosberg, how could he have developed?"

The astuteness of Rosberg has become legendary. He was

ment during the winter) you begin to understand why the Swedes are such good match players. At one time Borg, Wilander, Jarryd, Sundstrom, Nystrom and Edderg have all won at least one age group of the Kalle Anks Cup.

when in future years we try
to analyze the most lasting contribution this remarkable group
of young Swedes has made to
our sport, perhaps the most
important element will be the
restoration of a sense of pride
and propriety on the court plus
a sense of comradeship and delight in the successes of their
team-mates off it.

team-mates of it.

This happy band of warriors reminds me so much of those carefree. Australians of the 1950s and 1960s.— like Lew Hoad and Ken Rosewall, Rod. Laver and Roy Emerson, Fred Stolle, Neale Fraser, John Newcombe and Tony Roche.

As they did, so many times the Swedes have wen the Davis Cup in 1984 and are in the final again this year.

again this year.

How far the Swedish miracle has left to run only time will tell, but there are plenty more young men of awesome talent about to burst upon the scene. So there will always be as long as cheap facilities and coaching are allied to opportunity and competition. For how long, I wonder, will the rest of the world ignore that simple mas-

BY DAVID BROWN

PROFILE: IKEA





Ingvar Kamprad (right) with Anders Moberg

Nobel Industries Sweden

Nobel Industries Sweden is a new corporation. But a corporation with a tradition.

The name itself implies an obligation. And we believe we can live up to it. In the spirit of Alfred Nobel, we are concentrating on advanced chemistry and high-technology engineering products with a significant share of ordnance.



Ordnance AB Bofors develops, manu-

factures and markets complete defence systems in the form of guns, ammunition and missiles, mainly in the areas of anti-aircraft and anti-tank weapons. tanks, field artillery, naval weapons, airborne weapons systems and special ammuni-tion. Bofors' activity is conneeds, but the company is also involved in exports.



Today false teeth can be clinics throughout the world. product development and marketing of the system.

Kemi-Intressen is a trading company of ours.

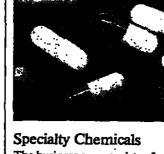


Consumer Goods Some of the best-known brand

names included in the business area of chemical-technical production are Barnangen, Liljeholmens, Gahns, Vademecum, Substral and Häxan polishing agents. There are plants in Austria, France, Sweden and West Germany.



of Casco and its subsidiary, Nordsiö. Production is conand adhesion. The products sives, sealants and weather stripping. Customary are in



Plastics

Nobel Plast is 75% owned by

Nobel Industries Sweden. It is

Scandinavia's largest specialist

manufacturer of plastic compo-

nents for the transport, defence

and engineering industries.

The business area consists of the following subsidiaries: KenoGard - plant and wood protection, Kenobel - surface active chemicals, and Extraco

- food products. This is where

the corporation's work in bio-

technology will be centered.

Poised to invade UK

largest furniture chains which offers low-cost, assemble-yourself Scandinavian furniture, is poised to invade the UK in the next step of its phenomenal international ex-

With annual sales of SKr countries, Ikea's move is sure to cause concern among its tential new rivals, Habitat and MFL

Its well-eiled organisation has successfully penetrated France, West Germany, and most recently the U.S. among other areas and has achieved an annual growth rate of some 20 per cent in what is generally considered a relatively quiet market.

The company has a work-force of 8,400, some 825,000 sq m of floor space around the world and its latest catalogue had a print run of 45 million copies in 10 languages.

About 55 per cent of its furniture is truly Scandi-navian but it has also turned to cheaper sources such as Eastern Europe, which now provides 20 per cent of the

The group is the brainchild of Mr Ingvar Kamprad, a

PROFILE: HENNES & MAURITZ

southern Swedish Smaland region, who started out in the late 1940s selling flower seeds by post, moved into mail order and finally hit upon the concept of selling furniture in hit form. His first overseas move was

West Germany is the single largest market accounting for 33 per cent of turnover, fol-lowed by Scandinavia with 31 per cent and the rest of Europe 22 per cent. Meanwhile, it has slowly

moved into areas like insur-ance, banking and finance. Al-though the family-owned group does not provide pro-vide profit figures, outside estimates have put net earnings at some SKr 500m-600m. In the midst of a number of ambitions expansion plans, however, Mr Kamprad has decided to withdraw from ac-

tive management of the furniture operations. The group, whose identity and focus are very much built

around his personality and unique philosophy, will thus have to handle the potentially difficult succession problem at a particularly sensitive time. Recently, he appointed his chief of French operations

Mr Anders Moberg, an Ikea employee for 15 years, to take over the furniture units from next September. Mr Kamprad will, however, contime overseeing the product line and purchasing policies from his base in Lausanne. Mr Kamprad has three sons that one of them will qualify for a management position. However, he says he does not want in any way to jeopardise the unity and development of Ikea.

While the company trades its Scandinavian image, it has in fact been gradually moving out of Sweden. Faced with the prospect of high taxes and death duties — Mr Kamprad is domiciled in Switzerland — a complicated corporate and ownership structure has been developed.

The management is now based in Copenhagen, A number of Dutch-based holding companies - which are owned by a Kamprad foundation — own the operational fixea companies outside

The main part of the shares in Ikea Svenska, the Swedish operation, are still controlled by the Kamprad family.

BY DAVID BROWN

Strategy of expansion

HENNES & MAURITZ, built on Mr Erling Persson's concept of "good clothes at a low price, has managed to invade the weak Swedish retail market with a strategy of overseas expansion and innovative stock control.

The group has achieved a phenomenal growth since it was founded in 1947, particularly in the 1960s when the baby boom generation first appeared in strength on the market.

market.
H&M turnover has grown

an average 19 per cent over the past decade. Last year when Swedish retail colume as a whole dropped some 0.5 per cent, the group reported a 20 per cent rise in turnover to SKr 3.04bn. Operating profit climbed 54 per cent to

profit climbed 54 per cent to SKr 213m.

"We are very satisfied with our results and expect further similar improvements," notes Stefan Persson, who took over from his father in 1981. "But in this industry things can swing so quickly that you have to be careful with forecasts."

The group's low cost profile The group's low cost profile

among consumers has par-tially insulated it from the fortunes of the economy as a whole. But, with hard times

ahead, H&M is taking no chances. It is pursuing an

chances. It is pursuing an aggressive policy of expansion in overseas markets.

The first foreign stores were opened in Denmark and Norway in the late 1960s, followed more recently by England, Switzerland and West Germany. Today, fully half the group's 160 outlets are outside Sweden. They generate some 40 per cent of generate some 40 per cent of total turnover.

In the UK, sales grew 45 per cent last year. In Switzerland and West Germany

the figures were 65 per cent and 83 per cent respectively. Rather than opening on entirely new markets, Mr Persson now plans to focus on expanding in existing

Improved capital use and improved capital use and higher productivity are major priority areas. With the relatively low margins in the retail sector, the rate of capital turnover is a key ingredient to high profit-phility. ability.

Rather than baying on a

seasonal basis, as is customary in the business, H&M operates on the concept of continuous purchases and stock turnover. An extensive computer net-work keeps track of stocks

and turnover. This allows a quick response—the manage-ment marks down poorly sell-ing goods to cost and can pin-

ing goods to cost and can pin-point popular items for fast reorder. Much of the buying is done in the Far East. Moreover, it has taken care not to allow administrative overheads and employee levels to keep pace with the rise in turnover. Productivity has grown impressively, Sales per employee have climbed per employee have climbed from Sr 490,000 in 1979-80 to SKr 774,000 last year. Hach has changed its profile

hach has changed its profile to follow the generation it has been built on. Although it once focused on the younger age group it now caters to the needs of the entire family. Children's clothes, for example, now make up a quarter of its turnover.

Meanwhile, it has solved a

Meanwhile, it has solved a number of problems including the Rowells mail order operation which has been brought back to profit after eliminating superfluous products.

Although H&M is a listed company on the Stockholm bourse, it is still controlled by the Persson family, which holds 40 per cent of the shares and 60 per cent of the votes.

Nobel Kemi AB which has four profit centers: Nitro Nobel AB, Nobel Chemicals AB, Nobel Chemicals Inc., and Nobel Chematur. Production comprises propellants, high explosives, charging explosives, pyrotechnics, fine chemicals and intermediate products for the pharmaceutical industry. builds complete processing

Electronics

This is the corporation's civil

electronics unit. Production

partly located in the United

States, consists of measuring

and weighing systems, electro-

hydraulic regulating systems

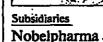
and pressure sensors.

Explosives and

The business area consists of

Chemicals

plants.



anchored in the jaw using titanium screws. This is an established method at 130 specialist Nobelpharma is responsible for





Associated companies Permascand

Industrial Chemicals

KemaNord Industrikemi pro-

vides the market with silicon

calcium carbide and technical

Blekkemi produces sodium

chlorate for pulp bleaching. It is the market leader in the

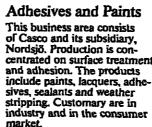
world. The large power re-

quirements of the two compa-nies are provided by Kema-

nitrogen products. KemaNord

The company's specialty is sophisticated titanium production. Permascand is a leader in this field. It is the first company in Scandinavia to invest in a high-energy laser. The company manufactures anodes, process systems and titanium Nobel Industries also owns 40% of Componenta Kilsta.







17.000 people work for Nobel Industries Sweden in 26 countries around the world. Our sales amounted to SEK 11,000

Nobel Industries Sweden

Nobel Industries Sweden AB, (Gustav Adolfs Torg 18), Box 16397, S-10327 Stockholm, Sweden

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DAVID BROK

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Companies !!

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday November 5 1985



Friendly

US shirt

By Our New York Staff

WEST POINT-PEPPERELL, the

large Georgia-based textile group, has made a friendly \$375m bid for

Chett, Peabody & Co, the world's

biggest shirt manufacturer which

has been fighting a hostile takeover bid from Mr Paul Bilzerian, a 35-

year-old Californian property devel-

Mr Bilzerian and his invest

group have agreed to sell their 23.5

per cent stake in the company to

West Point for \$39.45 a share and to

drop their tender offer for Cluett, Under the deal, Cluett shareholders

will get a mixture of cash and West

Point paper equivalent to \$41 per

After the merger, the two compa-

nies, which had combined sales of

\$2.2bn in 1984, will be an important diversified supplier of branded con-sumer soft goods with substantial

private label volume, which will in-

clude well-known names like Arrow

maker

merger for

US forest products group faces hostile bid from Belzbergs

FIRST CITY Financial, the Canadiover bid for Potlatch, the San Francisco-based forest products group.

Poflatch is the second West Coast such companies whose undervalued assets have attracted the attention

year, Sir James Goldsmith, the Anglo-French financier, succeeded control of Scovill, the Conn

First City Financial is bidding for Potlatch is one of several companies founded by the Weyerhaeuser family and although it no longer has a dominant stake several other

First City Financial has been in-

Nixdorf taps the telephone market

John Davies in Frankfurt charts a computer group's rapid progress in telecommunications

ambition, Nixdorf Computer of West Germany is gaining a firm foothold in the market for some teecommunications equipment.

The company aims to build up telecommunications as a major source of sales revenue alongside ing operations.
Nixdorf says it has delivered

1,000 of its digital private automatic branch exchanges (PABXs) to cus-tomers since they were launched three years ago. It also claims to have delivered several thousand of its "Digition" digital telephones since their launch last February. Nixdorf is shy about disclosing how much sales revenue it is earning through these and other activities in the telecommunications area But Dr Horst Nasko, the board member responsible for telecommunications, says it is a three-figure sum in terms of mil-

more significantly, it is currently doubling every year. From all its activities, Nixdori earned sales revenue of DM 3.27bn

The French franc Eurobond mar-

ket is carefully regulated by the banks and a FFr 375m issue for City

of Stockholm met good demand. The deal, led by Credit Commercial

de France, has a 10% per cent cou-

pon for its first five years, the low-est seen in the market since it re-

opened in April. After that the cou-

ods of live years, with put and call

options. The bonds were trading

around 99% compared to the par is-

sue price, well inside the 1% per

.In the guilder market AmRo

Bank priced the European Invest-ment Bank's Fl 200m 10-year issue

at par with a 7% per cent coupon.

AmRo also announced a F1 75m pri-

vate placement of Euronotes for

Gasunie with a five-year life, a 6%

by Credit Suisse First Boston, could be priced as early as the close of business today.

International bond service,

pon will be reset for two more peri-

lions of D-Marks a year. Perhaps

revenue during the four years to bring together voice, text, data and

The company, which has more than 21,000 employees world-wide, lifted sales revenue in the first half of this year to DM 1.56hn, 24-per cent up on the same period last

In telecommunications, most of its sales are in West Germany, but deals have also been made in European export markets, as well as China and Japan.

Dr Nasko estimates that Nixdorf has about 10 per cent of the West German market for PARXs with 30 or more telephone extensions. This compares with a market share of about 5 per cent last year.

Siemens, Telenorma (formerly known as Teleionban und Normalzeit), and Standard Elektrik Lorenz year 2020. (a subsidiary of ITT of the US). Nixdorf has set out to be a ju

ahead, as its telephone equipment is designed to offer, in inture, the advantages of the so-called integrated services digital network (ISDN) which West Germany is

video transmission in the same digital telephone network. Users will be able to channel all these services through the same telephone equip-

The Bundespost, West Germany's postal and telecommunications authority, plans to bring in ISDN in by approving digital telephone ex-change switching systems from Siemens and SEL, and has also arranged ISDN trials in the Mann-

heim and Stuttgart areas, begin-

ning next year. The Bundespost expects to give the go-ahead for ISDN once these trials are finished in about 1968, although the network is not likely to be fully digitised until about the

These technological developments are expected to lead to many new information processing services, as well as business opportuni-ties. Because of this, Mr Heinz Nixdorf, the data processing company's founder and chief executive, has been calling loudly for the Bundes-

elephone network. Nixdorf's move into telecom

cations reflects the coming together technologies. It tends to view new telecommunications products as modules for building up a system of The company, which has a strong marketing and user-oriented ap-

proach, is also aware that it has to offer complete solutions for custom-ers' needs, involving data process-As an example of this trend, it recently obtained an order from the

Chinese to instal an inter-linked system of data processing tele-phones and point-of-sale terminals at the 33-storey Asia Hotel in

Despite some setbacks, Nixdorf has exploited sizable segments of the data processing market since the company was founded 33 years ago. It has built a particularly strong position in supplying data processing equipment for banks, insurance companies and retailers. As part of its international expan-

· People Express has launched an

this year, with the aim of develop-

ing its services within the US, as

well as on transatiantic routes. In

the early part of the year, the in-

rapid growth ate into profits, even

Some analysts are now warning

that the company's results could be hit by a fierce price war which is de-

veloping between it and Conti-

nental Airlines, another cut-price

carrier which also tried to take over

though traffic increased.

Record quarterly profit

PEOPLE EXPRESS, the US cut-cents a share, compared with

price airline which recently \$10.0m, or 34 cents in 1984.

for People Express

BY TERRY DODSWORTH IN NEW YORK

acquired Frontier airlines, reg-istered record earnings in the third

quarter despite the loss of revenues

caused by Hurricane Gloria in

September. Net income for the quarter

amounted to \$16.5m, or 55 cents a share, against \$6.8m or 20 cents in

the same quarter of last year. Op-

erating revenues also rose strongly to \$260.6m, against \$174.8m, with

Hurricane Gloria costing the group

around \$3.5m in lost revenue and

year, however, net income was vir-

tually unchanged at \$10.7m, or 10 Frontier Airlines.

increased costs.

Singapore. After going public with shares in 1984, the company raised more than DM 700m in a rights issue earlier this year.

Mr Nixdorf has already designat ed Mr Klaus Luft as his successo but remains a driving force in man agement of the company which he

In its telecommunications activi ties, Nixdorf has its eye on opportunities in the public communications network, and equipment for telephone users. In one such project, it is co-operating with a West German partner in supplying broadbane switching systems to the Bundes post for a videophone and video conferencing network between

Dr Nasko says Nixdorf also sees the US as a potential market for some telecommunications products such as videotex equipment. Com pany executives are at present pre-paring to tackle this target. He says Nixdorf has no plans at

present for linking with other companies to widen its range of tele unications activities.

Union Bank of

Finland plans

further offer

By Otti Virtanen in Helsinki

UNION BANK of Finland, which

gained a 54 per cent holding in Bank of Helsinki after a bid battle

with the savings bank group Skop-

bank; plans to offer four of its own

shares for each of the BoH shares not yet tendered. That values BoH

shares at FM 83 (\$14.8m), compared

with FM 53 a share at the time the

The ethics code of Helsinki stock

exchange stipulates that a merger

can take place only when a share-

holding exceeds 80 per cent. UBF has not said what it will do when it

contest began two weeks ago.

reaches that point.

Shirts, Martex and Lady Pepperell bed and bath products. Rio Algom stays ahead

By Kenneth Marston in London

EARNINGS of Rio Algom, the Canadian arm of London's Rio Tinto-Zinc mining and industrial group, continue to run ahead of those for last year.

Although easing to C\$20.12m (US\$14.6m) in the third quarter they make a total for the first nine months of CS86.2m, or C\$1.50 a share, compared with C\$52.3m in the same period of 1984.

The major factor in the higher earnings has been the improvement at the 68.1 per cent-owned Lornex Mining as a result of higher production of copper, coal and molybdenum, better prices for molybdenum and cost controls.

BY WILLIAM HALL IN NEW YORK

an financial services company con- all its shares at \$45 a share in cash. trolled by the Belzberg family, has Potlatch's shares jumped by \$6% to launched a US\$693m hostile take\$42% in early trading yesferday. forest products group to face a hos-tile takeover bid within the past 12 founding families are understood to months and the latest in a string of control close to 40 per cent of the of a corporate raider. Earlier this volved in several hostile takeover

bids in the US and recently won in winning control of Crown Zeller- company which makes Yale locks. bath, the San Francisco-based Mr Sam Belzberg and his two paper and forest products group.

Potlatch, like most of its rivals, erate mainly under the umbrella of has been hit by the downturn in the Vancouver-based First City Five forest products industry this nancial and first came to Wall year which has been exacerbated street's attention when they hid unby the impact of the strong dollar. Its earnings fell by 16 per cent to successfully for Bache, one of America's most famous Brokerage forms The family helped finance. firms. The family helped finance to \$721m in the first nine mouths of Mr T. Boone Pickens' pursuit of

Denmark to

DENMARK'S coalition governmen will privatise one of the few stateowned industrial companies in December, by selling the state's 50 per cent stake in Krychtselskabet

The public flotation is expected to be the biggest money raiser in the history of the Danish equity market. The shares, with a nominal valne of DKr 97m (\$10.2m), will be sold by tender from December 9-11 and, although the minimum price has not yet been fixed, it is expected that the issue will raise between

The decision to sell the state's

1930s to mine cryolite, a mineral

used in aluminium smelting, in

350 existing private shareholders.

The cryolite deposits in Green-

cookies; Gerni, a manufacturer of

measuring instruments.

Handelsbank to offer rights

By Our Copenhagen Correspondent

COPENHAGEN Handelsbank is

making a combined rights issue and a DM 100m (\$38m) bond issue

Benedetti steps up stake in Milan private bank to 10%

BY ALAN FRIEDMAN IN MILAN

from 6 to 10 per cent his stake in Banca Agricola Milanese, a private-bank which is the object of a hostile public takeover attempt by Banca Popolare di Milano, Italy's 14th

largest bank. The de Benedetti share stake, held through the Cofide family holding company, places the Olivet CIR has 45 per cent of Buitoni, 21 ti chairman at the centre of an unper cent of Euromobiliare, the inusual development in Italian banking: an unwanted takeover bid. Sasib, which makes car compo-The share issue of 25 per cent of nents and cigarette-making ma-Conide on the Milan bourse yester chinery.

CIR also controls 57 per cent of Mr de Beneficiti seld 7 per cent of Sabandia, another holding vehicle.

The sixth D-Mark floating-rate Is-

sue in the November calendar was

launched by Commerzbank for

Wells Fargo yesterday raising

DM 300m, writes Maggie Urry in

pon of 8 per cent.

Traders are beginning to

ris. He retains 68 per cent of the

has 35 per cent of CIR, the holding vehicle which in turn controls 13.7 per cent of Olivetti and other important industrial and financial

vestment bank, and 65 per cent of

Wells Fargo raises DM 300m

BHF Benk bond average

part of the private British company. ket was quiet yesterday with prices per cent coupon and 100% issue Terms were set at a 7% per cent little changed. ITT's SFr 100m 10- price.

coupon and 99% issue price. Trad-jong in the fixed-rate D-Mark mar-ing in the fixed-rate D-Mark mar-control of shares in-

ket was active yesterday, helped by trading at 98, down from the par isternationally. The issue of 25,000 the weaker dollar, and prices supprice.

In the primary market UBS participation certificates, arranged

104.213

wonder if demand for such paper is drying up after DM 1.45bn was raised through the first five deals. rate note for Banco di Sicilia, was

The Wells Fargo deal was trading launched. The deal, led by Mitsu-

just within the 35 basis point fees at bishi Finance International, came

around 99.75, while the earlier deals on slightly more generous terms slipped back slightly.

on slightly more generous terms than San Paolo Bank's issue last

It has a 10-year life and pays interest at % per cent over three with fees totalling 15 basis points.

By them San Paolo Bank's issue last week, paying % per cent over Libor with fees totalling 15 basis points.

By the same that the same last week, paying % per cent over Libor with fees totalling 15 basis points.

rate (Libor) with a maximum cou-on of 8 per cent. as tight and the seven-year bonds were trading just within the fees.

Late in the day Dentsche Bank launched a DM 100m 10-year issue

for Heron International Finance, indigestion and the secondary mar-

Eurodollar fixed-rate prices were launched a SFr 150m public issue little changed on average and the for Hoogovens; the Dutch industrial

New York bond market's slightly company. This has a 12-year life

weaker opening did nothing to and the coupon is fixed at 5% per

MR CARLO DE RENEDETTI, the Cofide to the Indosuez group of Pa- Mr de Benedetti said 6 per cent of Sabaudia has recently been sold to "Middle Eastern investors." Sabau Cofide is the ultimate holding vedia, in turn, has 7.13 per cent of Pirhicle of the de Benedetti family and elli and Company, the Milan vehicle which has partial control of the Pirelli group. Sabaudia also has 8.19

per cent of Caboto, the property and financial group which is merging with Pirelli and Company. Sabaudia, which is to raise L300on (\$169m) on the Milan bourse through a rights issue, has important shareholdings in the L'Espresso and Mondadori publishing groups, in the GIM metallur-

cent fees.

privatise mining group

DKr 700m and DKr 800m.

holding was taken in 1983, but has been repeatedly delayed by political obstacles in the Folketing, where the Government controls only a mi nority of the seats.

The state owns half the share but has rights to two thirds of the eliminated by a bonus issue to the

land are close to exhaustion and the company recently diversified into Danish manufacturing. The group's subsidiaries include the Danish Fancy Food Group, a leading exporter of Danish butter

high-pressure industrial cleaning ment Meincke, manufacture of bakery machinery; Dansk Salt, a monopoly salt producer; and Dantec Elektronik, which manufactures medical and scientific electronic

Group furnover in 1984 was DKr 1.33bn and pre-tax profits were DKr 115m. Turnover is expected to increase to DKr 1.5bn and pre-tax profits to DKr 150m in the current year. Danish Fancy Foods accounts for about half of group turnover.

with warrants. Listings for the man bourses and the bank is also applying for its shares to be quoted in Germany. They are already listed in London.

The DKr 131m (\$13.7m) share issue on a one-for-10 basis, will be priced at 250 per cent of par, raising DKr 228m. The warrants that go with the bond issue will entitle

Launch for Euro-Australian CDs BY GORDON CRAMB IN LONDON

gained % point on average.

of deposit, intended to broaden and

of up to six months, but a medium-term market ranging to a five-year maturity is expected to develop in time. This could allow for further and currency swaps.

A GROUP of eight Australasian banks will today launch the first Euro-Australian dollar certificates ondary market might also offer a some A\$100m.

The eight assured in the certificates of the certificates o

10 per cent of total volume in the South Australia.

those Australian brokerage houses Bank of New Zealand, which views

will initially be restricted to those represented a larger value than of up to six months, but a medium-

consolidate the market interest which has evolved this year in the Australian dollar sector.

A secondary market in the CDs

A secondary market in the CDs

A secondary market in the CDs

others are Westpac, Commonwealth Bank of Australia, National Ansrefinements including interest-rate CDs could in a year account for 5 to Bank of NSW, and State Bank of

UK and US bank reserves 'among smallest'

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON BRITISH and US banks are among bank regulations to make reserves veloped country (LDC) debt becaute and Peru 32 to 38 per cent.

BRITISH and US banks are among bank regulations to make reserves veloped country (LDC) debt becaute and Peru 32 to 38 per cent.

The recent initiative by

those which have made the smallest provisions to cover possible lest provisions to cover possible losses on their Third World losses, But "most large US banks have 5 will be readier to take immediate losses on their Third world somes, although, overall, most banks have per cent or less for all problem losses "than attempt sleight-of-hand accounting to put off the evil built up "reasonable reserves".

That is the conclusion reached by IBCA, the London-based banking analysis company, in its latest report on international bank perior-

banks varies from "100 per cent to nese banks 5 per cent. banks varies from "100 per cent in very little" with large banks running at around 5 per cent. In the US, banks have been required by

burrowers such as Zaire and Sudan By contrast, IBCA says Canadian day."

hanks have 10 per cent, the big three French banks 20 per cent, the nance.

IBCA says that reserving by UK above" 20 per cent and most Japa-dary market. It says that in October

leading West German banks at counts at which Third World loans least 20 per cent, Swiss banks well are changing hands in the secon-

IBCA says reserves should be at least 20 per cent to meet the disthese rates were: Brazil 75 to 83 per

of interest those with high reserves

The recent initiative by Mr James Baker, the US Treasury Secretary, to ease Third World debt is important because it brings the hand accounting to put off the evil problem back into the political arena, although many of its details are

Although it is highly unlikely that banks will lend another \$20bn on their own risk to LDC countries as Mr Baker proposes, IBCA says new funds could be channelled through international agencies, or through the banks with the guarantee of

FINANCIAL HIGHLIGHTS

ARAB-MALAYSIAN MERCHANT BANK GROUP

Audited Consolidated Results.

			1.7
	Sist Morch. 1994 In Million	31st March. 1985 In Million MS+	% Clamps
Net Pretox Profit For Year Shareholders Funds Loans & Advances, Net of Provisions	42.0 129.2 1,559.2	. 42.7 182.6 2.079.8	+ 1.7 +41.3 +33.4
Deposits and Borrowings Total Assets	1,705.8 2,259.2	2.401.2 3.116.8	+ 40.8 + 38.0
Turnover of Money Market	19.655.9	20,698,6	+ 53

ace the further expansion of the Group, the Bank issued MS40 million Unsecured Conv ubordinated Loan Notes to shareholders on 31st January, 1985. Arch Moloveian Merchant Bank Berhad made a pretax profit of MS27.5 million, an increase of 4.99

Airch-Malaysian Finance Berhad, the Bank's subsidiary finance company, achieved a pretax." profit of M\$15.5 million, on increase of 21.2%

Previous year's figures have been restated as a result of a change in accounting policy in respect of accounting for interest income on non-performing accounts in line with the recommendations of

The Bank established a 55/35 joint venture with Malaysian Tobacco Company Bethad in Arab-Moloysian Insurance Berhod.

 In March 1965, the Bank acquired a life insurance company. Perima Assurance Berhad. The Bank was appointed financial adviser to STLR Sain Blod, a company responsible for the Light privatisation of Jabatan Telekom Malaysia, the first major public sector enterprise to com-

DATOY AZMAN HASRIN



*USS) was approximately MS2.5350 at 29th March, 1995.

pank of Scotland Money Market Cheque Account.

INTL. COMPANIES & FINANCE

The London offices of the following institutions announce that with effect from 5th November 1985 they will be issuing

EURO-AUSTRALIAN DOLLAR CERTIFICATES OF DEPOSIT

ANZ BANKING GROUP BANK OF NEW ZEALAND COMMONWEALTH BANK OF AUSTRALIA NATIONAL AUSTRALIA BANK THE RURAL & INDUSTRIES BANK OF WESTERN AUSTRALIA LICENSED DEPOSIT TAKER STATE BANK OF NEW SOUTH WALES LICENSED DEPOSIT TAKER STATE BANK OF SOUTH AUSTRALIA LICENSED DEPOSIT TAKER WESTPAC BANKING CORPORATION

Mainland Chinese acquire strategic Wormald stake

COMPANY controlled by mainland Chinese interests has emerged with a 9 per cent holding in Wormald International, Australia's leading fire protec-tion and security concern, at the same time as the Sunshine Australia group has secured effective control of Wormald immediately after launching an A\$325m (US\$226.4m) takeover

Sunshine, controlled by Mr
Lee Ming Tee, a Malaysian
Chinese now resident in Australia, increased its holding
from 20 per cent to 36 per cent
immediately after announcing
its offer. This followed the
unloading by Wormald's previously unsuccessful sultor, the
Adelaide Steamship Company

created by mainland Chinese interests in partnership with Hong Kong Chinese businessmen. Hongkong Macao is already a

joint venture partner Wormald. In August announced an all-purpose tradannounced an all-purpose trading venture with the Australian company following an introduction from Mr Lee, who owned 2 per cent of Hongkong Macao. Mr K. P. Chao, the head of Hongkong Macao. recently took a board seat at Wormald.

Under the intricacles of Australian telepoter laws the traditions.

rollowed the share purchases yesterday could mean that remaining share-viously unsuccessful suitor, the Adelaide Steamship Company (Adsteam), of its 25 per cent parcel to Sunshine and to Hongkong Macao International Investment Company, a group

almost impossible should Hong Kong Macao keep its holding. Kong Macao keep its holding.

By increasing its holding to 36 per cent. Sunshine has played within the rules which allow purchase of 20 per cent of the total number of shares soughtin this case one fifth of the 80 per cent of capital not already licid, or the 16 per cent bought yesterday. By maintaining its holding at 36 per cent it could return all acceptances should its bid fail to take its stake 10 90 per cent.

The National Companies and Securities Commission is looking into the transaction.

The bid price is in line with recent market quotations, which have included a considerable speculative component since Sunshine stymied Adsteam's takeover aspirations in July by building its 20 per cent holding

More funds for Perth casino project

THE PROMOTERS of Perth's troubled casino project have received permission from the state government to raise more equity funds. The budgeted cost of the casino has shot up from A\$210m (U\$\$146.3m) to A\$285m in the past three weeks.

The state-owned R & I Bank s to give A\$30m of new credits to the joint developers Genting of Malaysia, and Mr Dallas Dempster, a West Australian entrepreneur. A further A\$35.9m is expected to be raised from a one-for-three rights issue to existing share-holders.

Negotiations are under way with a potential underwriter for the new issue. Wardley Australia, which handled the June launch, has declined to assume the same role for the issue. Ord Minnett, the leading Sydney stockbroker, is consider-ing whether to handle the

issue. Shares in Burswood Property Trust were offered originally at their 50 cents par value. Over-subscription pushed prices to around 90 cents in the first week but, following news of the cost overruns on construction, they have fallen to 52 cents, The 73m new shares would need to be priced at just under 50 cents to raise the A\$35.8m.
The casino, which is expected to open in December — six months ahead of schedule — is currently the biggest building

113

Malaysia relaxes new listing ban

listings on the Kuala Exchange

Merchant banks have been Committee is prepared to grant disting approvals to selected companies engaged in economic activities that the government wants to promote, particularly in high technology or exportorientated activities,

The ban on new listings was and the ban had actually slowed imposed by Mr Dalm Zainuddin, trading activity. of his many market-boosting measures. The Minister felt that the flood of share issues in recent years had been a major factor depressing the stock market.

Merchant banks, while agree-ing with Mr Daim's general contention, had argued that new listings form only a small

trading activity.
In September, the authorities made a special waiver to allow the state-controlled Malaysian Airline System (MAS) to be quoted on the KLSE. The airline is offering 30 per cent of its enlarged capital to the

public.
The MAS share offer, priced at 1.8 Ringgit, is believed to be oversubscribed four to five

HK Bank chairman may retire next year

MR MICHAEL SANDBERG, chairman of the Hongkong and Shanghai Banking Corporation, has signalled plans to retire next May and to recommend Mr William Purves, the bank's deputy chairman, as his succes-

Mr Sandberg, aged 58, has been chairman of Hongkong Bank, now ranked among the top 20 banks in the world, since 1977. He has overseen a turbu-lent and controversial period, spanning the collapse of the local property market, three

new HK\$6bn (US\$768.5m) head- "People may have put two and quarters building at the heart two together and made four, but of Hong Kong's central business that is something I would pre-

"I haven't made up my mind about retirement yet," he said yesterday. "But I may well go next year. I certainly want to get the new headquarters build-ing up and running." The formal opening is expected next

"Our annual general meeting is planning soon after the open-ing," he said, indicating a pos-sible announcement on that nerve-wracking years of secret sible announcement on that Sino-British negotiations over date. Commenting on mounting the future of Hong Kong, and speculation that he plans to step the completion of the bank's down soon, Mr Sandberg said:

that is something I would pre-fer not to comment on."

He insisted that it would be "an act of the greatest dis-courtesy" not to agree his retirement plans with the Hong-kong Bank board before making any public statement. Without openly admitting that

he would propose Mr Purves as his successor, Mr Sandberg lavished praise on his deputy as a man of intelligence and high motivation. He said it would be unusual for the board to chal-

Interest is magnified by the immense importance of Hongkong Bank in the local economy. It acts as Hong Kong's quasi-central bank, issuing most of its currency, and holding the majority of local bank interests. Mr Purves, who is 53, has long been tipped as Mr Sandberg's successor. He is at present in charge of both companied and approach thanking mercial and merchant banking operations — the latter since 1983, when Wardley, the bank's merchant banking arm, was heavily criticised for its involvement with Carrian Investments, the property and shipping group which collapsed with debts estimated at over HK\$10bn.



U.S. \$50,000,000

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All of these securities have been sold. This announcement appears as a matter of record only.



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Morgan Stanley International Orion Royal Bank Limited J. Henry Schroder Wagg & Co. Limited Swiss Bank Corporation International Limited

October 1985

All these securities having been sold, this announcement appears as a matter of record only.

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INTERNATIONAL COMPANIES & FINANCE

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 4.

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BP Capital 11/2 92
Cambiell Stup: 10/2 95
Camatell 17/2 99
Camatell 10/2 95
Calcorp 10/2 95
Calcorp 10/2 95
Calcorp 10/2 95
Calcorp 11/2 95
Destruct Kingdom 11/2 90
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ED.F. 70 95
EE.C. 99 90 EEC. 9. 90 EEC. 11. 90 ELB. 12.95

Taxaco Capital 11½ 95 Ursted Tech Fin 10½ 95 Victorian Rep 11½ 92 World Bank 12½ 95 World Bank 12½ 94 10714 10734 - 018 + 034 10.84 9934 10014 + 014 + 078 10.51 10415 105 + 078 + 178 10.53 878 6878 0 + 1 10.88 11238 11278 0 + 178 10.50 | Change on | Chan DEUTSCHE MARK Change on day wook, Yield + 014 + 824 7.33 + 912 + 912 7.99 + 914 + 914 7.95 DEUTSCHE RAMK
STRAMENTS
ASIAN Dev Benk 8 84
Austra Republic 7*e 94
Banter Travenci 7*e 94
Copenhagen 7*e 95
Credi National 8*e 94
E.18. 7*e 94
Escom 8 92
Ex - In 8k Korea 7*e 90
Ferrovie Delio Stato 8 91
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Ireland 8x; 92 Gould for Fin 7h; 91
Irreland 8h; 92
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Creditanstalt 5½ 94
Deutsche Bk Fin 5% 95
E.18. 5½ 94
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Gdyr Tr' & Rubber 7t. 95
Mort Sk Denmark 7 52
New Bruttenck 7t. 95
Swad Exp Cred Zero 90 Aust Gas & Light 13 92 SA
Kellogg Co. 124, 88 AS
Pepsico Cap. Res. 13 90AS
Transcan Pipe 137, 90AS
Areas 137, 90 CS
CIBC 137, 90 CS
CIBC 137, 90 CS
CIBC 137, 90 CS
Gensiar Fix 137, 95 CS
Honor - Went in 137, 95 CS
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Monoros 117, 95 CS
Sears Ace Co. 137, 92CS
Winnepog Chy 107, 90CS
Compiler Fin Corp 17, 90CS
K O.P. 159, 91 MS
K Co.P. 159, 91 MS
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Comizat 7 2000
Fatic 34, 98
Fuji Pay India 3 2000
Fujitu 3 39
Kirindah Gurra 31, 2000
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Mapon Od Co 3 2000
Ou Elee Ind 37, 99
Seletar House 3 99
Seletar House 3 99
Seletar House 3 99
Supotomo Bank 24, 2000
Sumitomo Corp 24, 99
Taylo Yuden 37, 2000
Takeda Rhiem 37, 2000
Takeda Rhiem 37, 2000
Takeda Rhiem 37, 2000
Tolylo Sanyo Eleo 37, 39
Toshiba Ceramics 3 2000
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— Mounted amount of beed per share expressed in conversion state and a conversion rate fined at issue. Prem. — Perturbing premium of the custom effective price of acquiring plants via the boad over the unest recent price of the

© The Financial Three List., 1886. Reproduction to whole or in part to any form not presented without written connect. Data supplied by DATASTREAM inter-

Kellog Company 111- 92 LLT.C.S. 25- 91 Mary Cred Corp Tha 85 Minsui Ther 115- 90 PRIStury Ca. 104 93 Pu Realty secs 124- 95 Cusecelland Court 104 95 Relicion Praise 115- 95 R Hafslund to admit foreigners

BY OUR OSLO CORRESPONDENT

HAFSLUND, the Norwegian ferro NKr 70m Hafslund's ferro alloys distatutes to allow foreigners to hold weaker product prices and high up to 20 per cent of its share capital. power costs. During the final three The proposal to that effect will be submitted to the annual sharehol-

In the first nine months of this

NKr 591.Im - reflects the acquisi- pon is expected to be 9% per cent, what weaker since the summer. tion this year of Actinor, a Norwe- but issue price has not yet been antion this year of Actinor, a Norwe-gian industrial group with interests

137m, and the finance division, with set by increased prices.

alloys, hydro power and engineer-vision made a profit of only NKr by up on a year earlier to NKr 139m ing group, has decided to amend its 23m in the nine months, reflecting (\$17.6m) from NKr 68m, mainly bemonths of 1985, the division is ex-Sales were 19.5 per cent higher, pected to do no better than break

year, the group achieved profits before tax and extraordinary items of NKr 269m (\$34m) against NKr 269m seven-year Eurokrone on turnover of NKr 12ml, compared with NKr 470.9m.

Much of the rise in turnover — Mach of the rise in turnover — Later this month, Hafslund will

Net profits were, however, sharpcause net financial costs dropped to

its increased by 8.8 per cent to

The group's newsprint plant has operated at full capacity through-out the year to date, without a summer shutdown, and world newsith NKr 470.9m. of Norwegian and foreign banks print usage continues high, al-Much of the rise in turnover – headed by Christiania Bank. Cou-though prices have been some-

in pharmaceuticals, welding equipment and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard and chiphoard assign the structure of paper, pulp, timber and chiphoard. Assign the structure of paper, pulp, timber and chiphoard assign the structure of paper, pulp, timber and chiphoard assign the structure of paper, pulp, timber and chiphoard assign the structure of paper, pulp, timber and chiphoard assign the structure of paper, pulp, timber and chiphoard assign the structure of paper, pulp, timber and chiphoard assign the structure of paper, pulp, timber and chiphoard assign the structure of paper, pulp, timber and chiphoard assign the structure of paper, pulp, timber and chiphoard assign the structure of paper, pulp, timber and chiphoard assign the structure of paper, pulp, timber and chiphoard assign the structure of paper assign the s There has been good domestic deextraordinary items, of NKr 187m.

N. AMERICAN QUARTERLIES 1984 \$ 737.9m †0.8m †0.25 Third quarter Op. net profits..... Op. net per share . Nine months Plevenue Op. net profits Op. net per stere at NKr 1.43bn, while operating prof-DONTAR Fine paper mas 1985 C8 525.7m 19.3m 0.44 HOUSEHOLD INTERNATIONAL 2.06ba 50.7m 0.87

Britannia 59 Britannia 59 C.C.F. 54 97 Chase Mae in 54 2009 Credit Lyonnais 54 96 Credit Lyonnais 5 00 E.E.C. 5 90

The Hammerson Group



FF 350,000,000 unsecured term loan facility for general purposes

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MIDLAND BANK PLC MORGAN GUARANTY TRUST COMPANY OF NEW YORK

> Agent BANQUE PARIBAS (LONDON)

> > November 85

Norsk Hydro seeks stake in refinery BY FAY GJESTER IN OSLO NORSK HYDRO, the Norwegian in- to seek a share in Scanraff came dustrial and energy group, hopes to only two days after it announced buy a stake in Sweden's largest oil that it would not be taking part in a

refinery, Scanraff - owned by Texaco and two Swedish companies, Svenska Petroleum and OK.

It needs the capacity to process its own North Sea crude for marketing through its expanding network of petrol stations in Sweden and

Hydro said it would start negotiations soon with OK about purchasing part of that company's share in the 10m tonnes a year facility at Lysekil on Sweden's west coa would not say how large a stake it hopes to acquire. OK owned Scanraff's catalytic cracker and 43 per cent of its distillation plant. It has a long-term agreement with Hydro ning to 1969 – under which it reilly for the Norwegian group.

costly project to expand and up-grade the refinery at Mongstad West Norway, in which it has a 30 per cent stake - the rest being owned by the Norwegian state oil company, Statoil.

Hydro had originally intended to take a 15 per cent share in one part of the project, which involved build ing a new cracker to boost the pro portion of light products in Mongstad's total output. It had consis-tently refused to participate in exsion of the refinery's capacity, from 4m to 6.5m tonnes a year regarding that as uneconomic.

Hydro's contribution to the crack-500m and NKr 600m (\$63m-\$76m) which will now have to be met by

DAIWA EUROPE LIMITED

Ting Danwa Warrant Index 1,764 27

| Contract Market Prices | Contract EXPLY date

AICA KDGYO 17/8-90
CASID COMPUTERS 5/3/89
C 1704 (NEW) 4/5/89
C 1704 (NEW) 4/5/89
C 1704 (OLD) 20/1/87
DOWA MINING 20/5/59
FUJIKURA CABLE 28/4/89
JAPAN SYN RUBBER 28/4/89
JAPAN SYN RUBBER 28/4/89
JAPAN SYN RUBBER 28/4/89
JUSCO 22/12/88
KATABA INDUSTRIES 15/2/89
KOMORI PRINTING 20/12/89
MARUSEN 10/9/90
MIMBERA 20/2/89
MIT CORPORATION 7/11/88
MIT CORPORATION 7/11/88
MIT CORPORATION 7/11/88
MITSUI FESTATES 16/10/82
MIT GAS & CHEM. 20/3/89
MITSUI ES (NEW) 15/10/88
MITSUI FESTATES 16/10/82
MIT METAL (NEW) 10/11/89
MITSUI PETROCHEM. 15/2/90
MIPPON MIN. (OLD) 17/2/89
NIPPON MIN. (OLD) 17/2/89
NIPPON MIN. (NEW) 15/6/90
NISCHO (WAL) 1/2/89
OMBAYASHI GUMI 5/4/89
OMBON TATEISHI 3/1/89
OMBON TATEISHI 3/1/89
ONOGARA TRANSE 23/1/99
RICOM 28/99 OTIEL DATICHI 23/2/90
OSAKA TRANSF 29/1/96
RENOWN 24/1/89
REON 20.9/90
RYOBI LTD 25/5/90
RYOBI LTD 25/5/90
SEINO TRANS 17/3/89
SEIYU STORES 20/3/87
SEKISUI CHEM. 20/9/90
SUMI. CONST. 24/3/89
SUMI. HEAVY 28/2/89
SUMI. HEAVY 24/2/89
TOKYO SERVO 8/6/87
TOKYO CORP. (OLD) 29/1/90
TOKYU CORP. (OLD) 29/1/90
TORAY INDS. 5/3/87
TOYO ENG 28/2/89
YAMAMURA GLASS 8/5/90
MINEBEA 15/3/90 EBEA 15/3/90 29 00 43 00 775 27 13 2 56
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IDB INTERNATIONAL N.V. U.S.\$50,000,000 ranteed Floating Rate Notes 1986

nditionally and irrevocably guaranteed as to payment of principal and interest by ISRAEL DISCOUNT BANK LIMITED

For the three months 31st October 1985 to 31st January 1986 the Notes will carry an interest rate of 8 1/1% per annum The relevant Interest Payment Date will be 31st January, 1986.

ikers Trust Company, Lo Fiscal Agent

AUTOPISTAS DEL MARE NOSTRUM, S.A. US\$175,000,000 ed Floating Rate Note

due 1995 In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 8 1/2 %. per cent per annum. The Coupon Amount will be U.S.\$411.65 and will be payable on 7th May 1986 against surrender of Coupon No. 2 nufacturers Hanover Limited Agent Bank

inex bet austa-riberress	2/4	3.00
GENERAL PUBLIC UTIL	JIES .	
Third quarter	1985	1984
Hat profits	740.3m 35.2m 0.56	705.8m 34.9m 0,56
Nevenue	2.18bn 82.4m 1.31	2,06bn 87.3m 1,39
MCA Films, leisure		
Third quarter	1985	1984
Revenue	626.7m	412.6m
Net profits	67.5m 0.91	35,4m 8,49
Revenue	1.47ba	1.15bn
Net profits	98.22m 1.33	76,4m 1.05
Net per share		
Hotels, gaming		
Third quarter	1965 \$	1984

5.9m 0,16 443m 6.3m 0,12 USF & Q Third quarter

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AB Foods 16% higher at £62m

wear. However, the satisfactory start to the year by the trading divisions in total is being maintained and the company expects that the budgeted profits increase will be achieved.

Tate of return was achieved on funds under management during funds under management during funds under management during profits were little changed at fi4.7m (f14.5m). However, the satisfactory start to the year by the period.

Strong cash flow in the UK currency realignments reduced has enabled borrowings to be reduced. This more than offset higher interest rates against the disposal last year of the

Associated British Foods, the food manufacturer and retailer, raised pre-tax profits by 16 per cent from £53.6m to £62.4m in the six months to September 28 1985. The result was slightly above market estimates of £60m, and the shares closed unchanged at 268p.

Mr Garry Weston, the chairman, says it is not yet possible to measure accurately the cost of the impact on profits resulting of the impact on profits resulting from £46.1m to £49.4m and the poor quality of the wheat harvest in the UK this year.

However, the satisfactory start to the year, by the tending of the start of return was achieved on Foods in trading lovel. The continuing operations of the comparable period and interest payable was lower at £2.4m operations—these lowered sales by apyable was lower at £2.4m operations—these lowered sales by 7 per cent to £1.17bn and the during trading profits rose by 10 per cent to £34.7m. The chairman says the retailing operations of the year, but the manufacturing and the pre-tax figure was boosted by an increase of more than 50 per cent in investment income from £10.1m to £15.4m. Mr Weston says an acceptable period and interest figure at £1.48bn, which was lower at £2.4m operations—these lowered sales by 7 per cent to £1.17bn and trading profits rose by 10 per cent to £34.7m. The chairman says the retailing operations of £60m.

At the trading level, profits improved from £46.1m to £49.4m and the pre-tax figure was boosted by an increase of more than 50 per cent in investment income from £10.1m to £15.4m.

Mr Weston says acceptable of foom to £1.25m.

The continuing operations of £62.6m.

Combined UK sales increased by 7 per cent to £34.7m. The chairman says the retailing operations of £49.4m and the year, but the manufacturing divisions—partly due to the bad summer weather—achieved only a marginal increase on the pre-tax foods payable was lower at £2.4m period and interest figure of £2.5m.

At the trading love form £40.1m to £15.4m in trading profits of £12.5m.

The continuing operations of £20m.

At the trading

At the interim stage, an amount similar to last year has been charged against profits in respect of reorganisation and redundancy costs.

See Lex



Geers Gross down 61% midway Lifecare growth stunted

ADVERTISING agency and consultancy group Geers Gross is work for solid growth. Prospects experiencing a sharp drop in profits in 1985, as forewarned at the AGM in May, reflecting the loss of the ESPN sports cable network account in New York.

Eventually agency and consultance is spent laying the ground work for solid growth. Prospects have improved during the ground work for solid growth. Prospects have improved during the latter half of the solid growth. Prospects work for solid growth. Prospects work for solid growth. Prospects have improved during the latter half of 1985, and there have been new business gains in London and New York (as well as some losses), but neither the For the first half of the year profit, before tax, has fallen from £783,000 to £307,000 and the interim dividend is cut from 2p impact on 1985 profits. interim dividend is cut from 2p

interim dividend is cut from 2p to 1.5p net.

None of the steps taken to rectify the situation will have any real impact on the year's results, says Mr Robert Gross, the chairman. However, they heneficial effect on results for 1986 and beyond. The 1984 profit was £1.8m.

When warning of the effects of the ESPN loss, the board said that steps had been taken to cut overheads in London and New York. These have been impact on 1985 profits.

Turnover in the first half fell by £2.38m to £47.15m. After tax £123,000 (£384,000).

The board has decided to write off against reserves in 1985 the whole of the goodwill shown in the accounts (£9.49m at Decembral 1984). In the comparable half year £210,000 was taken from profits in amortising goodwill.

New York. These have been completed including the merger of Geers Gross West into Geers

Geers Gross has had an even worse summer than most of us of Geers Gross West into Geers

A main board director sells his tive. Expect no more than shares to pay a tax bill in the from the shares of 1985 have third week of May. Three weeks the shares at 78p on a prosper-earlier when the preliminary tive p/e of 20 (20 per cent tax).

Town Centre Securities has that this company will do a lifted pre-tax profits by 10.5 per cent from £2.4m to £2.65m in the to supplement the profits of the year to end-June 1985, with second half results ahead from £708,000 group's substantial and expands to £892,000, operating profit of £982,000, operating profit of £982,000. Refurbishment of the Merrion £4.6m.

Refurbishment of the Merrion £4.5m.

Town Centre Secs. ahead to £2.7m

results were announced everything had been hunky-dory. By the first week of June the shares had halved in value and the company had announced that 1985 profits would be substantially below those for last year. The loss of key account, ESPN Cable, seems the biggest reason for the fall wiping almost fim Cable, seems the biggest reason for the fall, wiping almost film off the profits (and leaving the profits on the rest looking very slim indeed). Hank Wasiack, the new man at the top of GG Inc, is not the first to see the US as the land of advertising plenty with national billings totalling an estimated \$100bm this year. Given that two-thirds of group profits come from the US (with billings of \$100m) the question has to be how much of the American cake will come Geer's way. Cutting the divi-Geer's way. Cutting the divi-dend in a group that last year paid its directors more than its shareholders is a bold move if faith in the future is the objec-

by contracting losses

EXCEPTIONALLY HIGH losses in contracting has offset the suc-cess in the nursing homes division at Lifecare international in the first half of 1985, and the group made a profit of only £69,000.

In the period, turnover came to £4.03m (£2.65m). Continuing activities accounted for £303,000 (nil) profit, while the discontinued activities incurred a loss of £234,000 (profit £23,000).

The directors regard the results for the sursing homes division as encouraging. The number of homes has increased from one to five and all will be contributing to profitability in the second half.

group mane f559,000.

Losses at Edward Jones (Contractors) were particularly heavy in the first quarter because of the unfavourable weather and a scarcity of new contracts. But from November 1 this division has been sold.

the section man.

Edward Jones was sold for an initial consideration of £1 and a further deferred payment of some £450,000 depending on tuture profitability. The investment has been written down to a nominal value in the books, but there will be an extraordibut there will be an extraordi-nary charge on disposal of not more than £350,000, before any tax credits. This will be reflected in the accounts in the second

of £234,000 (profit £23,000).

In June, the directors said that 1985 should start to yield reward for the investment of time, effort and money in recent past. They would not make a profit forecast but said they expected to pay an ordinary dividend (last paid for 1976) in addition to the preference due on the shares issued in a rights package a year ago. Since the half year, two more nursing homes have been acquired, and these should in a full year contribute close to £100,000 and £85,000 pre-tax. Further substantial acquisitions are expected to be completed Sheltered housing developmen

GKN Australian purchase

BY CHARLES BATCHELOR

Guest, Keen and Nettlefords, engineering group, is expanding its vehicle parts activities in Australia with the purchase of Burmah Oil's QH automotive

Refurbishment of the Merrion
This Leeds-based group has its
interests in property investment
development and dealing, and
the directors are proposing to
adjusted) with a final of 0.6p.
Stated earnings per share are
shown up from 1.45p to 1.79p.
Directors say that the activities of the trading subsidiary,
Town Centre Enterprises, are
first to dividend to 1p (0.8pp
adjusted) with a final of 0.6p.
The pre-tax result was struck
after interest charges of £1.95m
(£1.42m), and after tax of £1.05m
(£1.62m), net profits were up
from £1.32m to £1.62m, Minorities took £6.000 (£9.000).
The group's net asset value
per share on present capital is
already from \$6.06p to 71.93p.
The pre-tax result was struck
(£1.42m), and after tax of £1.05m
(£1.08m), net profits were up
from £1.32m to £1.02m, Minorities took £6.000 (£9.000).
The group's net asset value
per share on present capital is
almost complete, they say. In
addition, the Rochdale Canal
after interest charges of £1.95m
(£1.08m), net profits were up
from £1.25m to £1.02m, Minorities took £6.000 (£9.000).
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from £1.25m to £1.02m, Minorities took £6.000 (£9.000).

The group's net asset value
per share on present capital is
almost complete, they say. In
addition, the Rochdale Canal
after interest charges of £1.05m
(£1.08m), net profits were up
from £1.25m thin and accessories
throughout Australia.
It also
operates a chain of vehicle service outlets and ma

disclose the value of the QHA **Durchase** GKN also announced yesterday the completion of the sale of BKL Fittings, its pipe fittings subsidiary, to Nippon Benkan Kogyo, a privately owned Japanese company. Mr Leon Brittan, Trade Secre-

tary, said yesterday he would not refer the bid to the Monopolies and Mergers Commission. The Office of Fair Trading had reviewed the merger as a matter of course since the two com-panies account for more than 25 per cent of the UK pipe

Delta deal to shake up copper tube industry

By David Goodbart

The UK copper tube busi-The UK copper tube non-ness is set to undergo a major shake-up following yester-day's announcement that Glynwed International has acquired the Birmingham-based copper tube business of the Delta Group for about

Approximately 27 per cent of the market is now taken by imports and the rest is divided between small producers 6 per cent; Delta 13 per cent; Glynwed 24 per cent and IMI 30 per cent. The Delta deal thus makes

Glynwed the biggest producer in a market which has been coming under increasing pressure recently from both foreign competition and substitutes, particularly plastic.

Delta Tubes is a relatively small part of the Delta Group which for the year to end December 1984 recorded a £50.4m pretax profit on turn-over of £590m. The tube division earned profit of £1.2m on turnover of £20m—with a £1.5m profit forecast.

Mr Tony Thomas, chairman of the Delta Fluid Control Division, said: "We faced the dilemma of either selling or having to invest a great deal in the company simply to retain our present market share. We thought we would save ourselvese a let of money that could be better channelled into the more specialist fluid control market."

Delta Tubes will be merged with Wednesbury Tube-Glynwed's existing copper tube business. Glynwed made pre-tax profit of £26.2m on turnover of £514m to the year end December 1984 and the tubes and fittings division had a turnover of £99m and operating profit of £9.9m.
(The steels division was largest with turnover of about £135m).

about £135m). Glynwed said the deal would chance its ability to compete in home and over-seas markets. Wednesbury's concentration on the large volume users would be com-plemented by Delta's emphasis on the smaller nonspecialist users.

The market approved of

the deal pushing up Glynwed 2p to close at 240p. Delta lost 1p to close at 169p.

Oxford Instruments £7m profit well above expectations

WITH TAXABLE earnings almost trebled to £6.66m in the six months to September 29 1985, Oxford Instruments Group essily beat the market's expec-tations of £5m. The market reacted by marking up the group's shares considerably, with the price ending the day at \$92p.

up 44p. Mr Barrie Marson, chairman of this maker of advanced instru-mentation, says all areas of the group had contributed to the performance. He expects the full year's increase to be significantly shead of last year's rise of 50

per cent.
Turgover in the period increased by 37 per cent, from 124.6m to £33.78m. Pre-tax profits for the comparable period last year were £2.31m. From earnings per 5p share 8.7p (3p), the interim dividend has been raised from 0.4p to 0.6p. Last year there was a total

0.6p. Last year there was a total payment of 1.2p, when pre-tax profits were £9.16m.

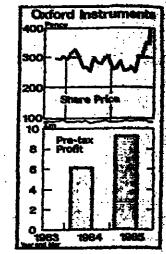
Mr Marson says that the first half of 1984-85 was affected by the move to the new Eynsham plant and that the improved efficiency seen in the second half of last year had continued into the first half of this.

In the previous two years the greater part of the profits were earned in the second half. Mr Marson expects that to continue but the difference would be less marked.

The company's position as the

leading supplier of diagnostic imaging magnets was strengthened further following acceptance of the new mobile magnet. It now supplies 85 per cent of

Amsterdam-Rotterdam Bank



instruments business and a third reduct line was introduced Demand for instruments for scientific research grew strongly during the period with several new products.

The patient monitoring busi-

Operating profit came out at 13.6m, against the comparable 12.09m, to which was added net interest received of £80,000 (£78,000 payments) and share of the profits of Oxford Super-conducting Technology, in which the group has a two-thirds share thened further following acceptance of the new mobile magnet.

It now supplies 85 per cent of the world market.

Mr Marson says that with orders accounting for most of the coming year's production capacity was being expanded at its UK and US plants.

The highest growth rate was again achieved by the analytical the group has a two-thirds share of £1.01m (£393.000). The share of the less of the associated furukawa Oxford Technology in Japan, 49 per cent-owned, fell from £100.000 to £8,000.

At the end of the period bank balances, net of borrowings, stood at £2.6m, reflecting a positive cashflow in the first half of £2.1m.

DIVIDENDS ANNOUNCED

	Current payment		Corre- onding div.	Total for year	Total last year	
B Foodsint Gridport-Gundry Tramphorn	3.55	March 3 Jan 17	1.7 2.75 3.5	5 5.17	5.4 4 5.17	
Geers Gross	1.5 0.6 0.6		0.4 0.89*	<u></u>	1.2 0.89* 2.4	-

Dividends shown pence per share except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock.



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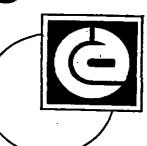
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its company which runs the affairs of members of the Lloyd's

insurance market in a deal worth £2.03m.

The purchasers of C. E. Heath & Co (Underwriting), an underwriting agency, are the existing executive directors. Between them they will hold the entire issued equity capital of Cuthbert Heath, a company formed to purchase the Lloyd's agency interests.

to sell

Lloyd's

agency

By John Moore, City Corresponden

Rival £94m offer for ConsGold's US businesses

BY CHARLES BATCHELOR

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ANOTHER bid has emerged for the US industrial interests of Corsolidated Gold Flelds, the mining and building materials group, in the shape of a \$135m (£94m) offer from a newly-created company called New Caultalism. Camitalism

Capitalism.

ConsGold is currently negotiating the sale of Gold Fields American Corporation (Amcon) with a management group headed by Mr Richard Secrist, president and chief executive of the US businesses. The British group has said it is not interested in considering any other offers.

offers.

New Capitalism is a company set up to carry out complex or unnsual acquisitions which might be unattractive to many established leveraged buy-out

It is headed by Mr Gary Lutin, a New York investment banker. Mr Lutin said the company had the funds in place to make the offer which he believed was at a higher price than that being discussed with the US management team.

Mr Lutin said he had made his offer in writing on October 24 and received an acknowledgement but he was "perplexed" at ConsGold's apparent unwillingness to negotiate.

The Amcon companies comprise a scrap dealer, steel distributor companies, a manufacturer of portable oil and water well drilling rigs, a foundry and machine shop, a distributor of construction equipment replacement parts and Skytop Brewster.

Mr Rudolph Agnew: chairman of ConsGold two other parties to join it in its hid. One of these is Mr David-Lloyd-Jacob, a former chairman of Amcon, who capitalism has approached two other parties to join it in its hid. One of these is Mr David-Lloyd-Jacob, a former chairman of Amcon, who capitalism has approached two other parties to join it in its hid. One of these is Mr David-Lloyd-Jacob, a former chairman of Amcon, who capitalism has approached two other parties to join it in its hid. One of these is Mr David-Lloyd-Jacob, a former chairman of Amcon, who capitalism has approached two other parties to join it in its hid. One of these is Mr David-Lloyd-Jacob, a former chairman of Amcon, who capitalism has approached two other parties to join it in its hid. One of these is Mr Lloyd-Jacob, a former chairman of Amcon, who capitalism has approached two other parties to join it in its hid. One of these is Mr Lloyd-Jacob, a former chairman of Amcon, who capitalism in just offer make up his mind about join in its offer make up his mind about join in the steel assets, while Mr Lntin wants the drilling rig assets. It would make sense if ConsGold sat parties to join it in its hid. One of these is Mr Lloyd-Jacob are left wo other parties to join it in its hid. One of these is Mr Lloyd-Jacob are left wo other parties to join it in its hid. One of these is Mr Lloyd-Jacob are left wo other parties to joi



BOARD MEETINGS

(CDA)
Interims:—Compeoft, Ecobric, Elec-
trocomponenta, German Smaller Com-
panies investment Trust, J. Sainsbury.
Whithreed Investment.
Finals:—Briket, Firstland Oil and
Gas, Gomme, J. Hapworth, Kaystons
Investment, Rosehaugh, Tay Homes,
W. A. Tyzack, UDO.
FUTURE DATES
Interiors:
Amber Industrial Nov 7

NOTICE TO HOLDERS OF 513% GUARANTEED CONVERTIBLE BONDS DUE 1987 OF BRITANNIA INTERNATIONAL FINANCE LIMITED

OFFER

Morgan Grenfell & Co. Limited on behalf of

BRITANNIA ARROW HOLDINGS PLC

This Offer extends to ordinary shares of 25p each in Britannia Arrow Holdings PLC allotted, while the Offer remains open for acceptance, pursuant to conversion of the above-mentioned Bonds. Bondholders can obtain copies of the Offer

Document and Forms of Acceptance and the accompanying Listing Particulars from the registered office of Guinness Peat Group plc, 32 St Mary at Hill, London EC3P 3A.L. The directors of Guilmness Peat Group pic are the persons responsible in the information contained in this adventisement. To the best of the knowledge and based of the directors (who have belon all responsible care to ensure that such is the case) the information conteined in this extrement is a recordary with the facts and does not ornit enything fleely to affect the import of such information. The directors accept responsibility accordingly.

NOTICE IS HEREBY GIVEN that a Special

General Assembly of Shareholders of Fidelity American Assets N.V. (the "Fund") will be held

registered office of the Fund at Schottegatweg Oost, Salinja, Curacao, Netherlands Antilles for

To consider approving the Exchange Agreement under which the Fund will combine its assets

To consider approving certain organisational changes made in furtherance of the Exchange

(a) terminating the Fund's existing accounting

American Values N.V. and Fidelity International

Limited under which the services performed

(b) terminating the Fund's existing custodian

contract because the Fund's investments will

will have an identical custodian agreement

with the Fund's custodian;

be made through American Values N.V. which

(c) changing the investment objectives, policies

and limitations of the Fund to reflect the new

services agreement and entering into a new.

administrative services agreement with

under the existing accounting services

agreement will continue to be performed;

ment and the new investment structure,

on November 25th, 1985, at 10.30 a.m. at the

with those of American Values N.V.

the following purposes.

Notice of Special General Assembly of Shareholders of

British Tar in agreed £9.7m bid for Dufay

By Charles Batchelor

BRITISH TAR PRODUCTS, the chemical manufacturer and and bulk storage company, is to make a £9.7m agreed share bid for Dufay Bitumastic, the industrial coatings group. The BTP hid follows its purchase of a crucial 24.1 per cent stake in Dufay from the liquidator of Camrex.

formerly part of Ruberoid group. BTP intervened in the BTP intervened in the affairs of Dufay on October 16, 2 week after Kalon Group, the West Yorkshire pain-maker announced plans for a contested £9.3m takeover bid for Dufay. Kalon withdrew as soon as it heard that BTP had bought the Camrex holding of 24.1 percent.

BTP coupled its bid announcement with a statement that unaudited manage-

ment that unandited management accounts showed the pre-tax profits in the six months ended September 1985 were not less than £1.85m. This compared with pre-tax profits of £921,000 in the same 1984/85 period.

BTP intends to declare an interim dividend to 1.5p compared with 1.2p and a final dividend of 2.5p (2.3p) making a total of 4p for the year against 3.5p. Shareholders in Dufay will not receive the BTP interim payment.

Dufay shareholders would also be entitled to a second Dufay interim dividend of

Dufay interim dividend of 0.5p if the BTP bid is suc-BTP is offering 54 of its

BTP is offering 54 of its own shares for every 100 Dufay. BTP's shares fell 2p yesterday to 100p to value its offer at just under 59p for each Dufay share. Dufay's shares fell 1p to 57p.

There is a cash alternative worth 55.62p for each Dufay share, underwritten by BTP's merchant bank, N. M. Rothschild.

Milbury, which was bought by Mr James Raper's St Piran Group and later sold for £1, was compulsorily wound up in the High Court yesterday with St Piran as the principal creditor. Mr Justice Hoffman made the order on a petition by Tangible Properties, an Isle of Man company. claiming £9.444 arrears of The BTP bid for the remaining Dufay shares is slightly higher than the 55.5p price it paid for each of the was one of four creditors giving notice of claims. The others were Career Care Group (£1,362), Godfrey Davis (London) (£137) and Titmuss Sainer and Webb. solicitors (£35,000). shares previously held by

Camrex. Dufay achieved only a marginal increase in pre-tax profits from £317,000 to £329,000 in the six months ended June 1985. Turnover rose from £9.25m to £9.38m. BTP makes, stores and sells chemicals for the leather, cosmetics, hygiene and phar-maceutical industries.

Wimpey selling property portfolio to Dutch group

UK's largest construction groups, confirmed last night that it had exchanged contracts with Larmag Investments BV, a Dutch invest-ment company, for the sale of its Ariel International property

Mr David Neil-Gallacher, Wimpey's corporate relations manager, said that the deal had not yet been concluded, but would be "very shortly." He declined to comment on reports that the group would get £43m for the portfolio, nor on the suggestion that this price was some £2m short of what Wimpey had been asking.

The possibility of selling Ariel has been on the minds of not a mistake," he said. "We

CENTRAL & SHEERWOOD, the engineering group saved recently from receivership through a novel refinancing agreement with the Midland Bank, has taken its restructuring a stage further.

Bank, has taken its restructuring a stage further.

Mr John B. Singer has relinquished his responsibilities as group director of finance and administration, though he will remain on the board as a non-executive director. He will also retain his large personal shareholding in the company, which with that of the rest of his family totals some 8m shares.

Milbury is

wound up

compulsorily

pany, claiming £9,444 arrears of

St Piran, which claimed £1.52m,

solicitors (235,000).

Another Milbury company,
Milbury Hemes, was wound up
on its own petition as a result of regarded the fund management proposals as in the best long-ber. It was supported by Griffin reactors with a claim for £3,844.

for the 1984 year, chairman Mr Cliff Chetwood said that negotia-Cliff Chetwood said that negotia-tions for the disposal of the Ariel properties were at an advanced stage. These fell through at the last minute, Mr Neil-Gallacher said last night.

Ariel, which is jointly owned with a U.S. company called Rust, headed by entrepreneur Mr Jack Croshy, was estab-

Mr Jack Crosby, was estab-lished 12 years ago as Wimpey's

Central Sheerwood restructures

George Wimpey, one of the Wimpey executives for some have for some time been re-K's largest construction groups, time. In the last annual report, structuring our property port-infirmed last night that it had for the 1984 year, chairman Mr. folios, and we considered that this was a mature investment whose time had come." He added that in future the group would concentrate on "first class investments" like its Little Britain project in the

City of London and the Clayton

Wimpey, however, had made provisions for losses amounting to £26.8m for Ariel, and Mr Neii-Gallacher agreed that up to £2m more could have been incurred so far in the current ected year.

was Excluded from the present

"We deal is a substantial office block

groups would chairmanship of Dr l nous units at Singer, father of Mr John Si

ICT has made it known that it

later date to vote down the unitisation plans, which require

Barings, the merchant bank

British Assets stalls

which has a 19.4 per cent stake took a further twist at yester-day's extraordinary meeting of

day's extraordinary meeting of ICT shareholders.

The meeting had been called to approve the establishment of a fund management subsidiary. Before this could be put, however, British Assets and Standard Life Assurance, which has a holding of about 5 per cent, called for an adjournment. This was passed by 3.84m votes, against 1.34m.

ICT's fund proposals

THE UNEASY relationship holders. But British Assets has between Investors Capital Trust, said that it intends to formulate the Edinburgh-based investment alternative proposals, widely trust, and British Assets Trust, taken to mean a takeover bid.



meveropment in Frankfurt, Germany, but this will be sold once it is fully let. This would represent a "substantial profit" for Wimpey, Mr Neil-Gallacher said. development in Frankfurt, Ger-

chairman of George Wimpey

Evered wins support for TI holding

The move is evidence of the trend towards a new system of financial control within C & S. which earlier this year faced the prospect of a potentially crippling burden of debt.

Mr David James, group managing director, said yesterday that the five main sub-group's within C and S would be closely monitored by financial directors within each group, and that he, as chairman of the subsidiaries, would exercise central control. In all other respects, the groups would be run as autonomous units at Singer, father of Mr John Singer.

Mr Raschid Abdullah, chairman, said there remained five options: a full bid by Evered (alone or with a consortium); the purchase of parts of TI; the sale of the whole stake to a third party; remaining as an investor; a total or partial disposal of the investment.

Most analysis believe that the last the last the last the partial realistic.

two more non-executive direc-

would opt for unitisation if the management proposals were rejected. The adjournment yesterday means that British Assets will be in a position at a man, confirmed yesterday that he would be prepared to talk about the disposal of parts of about the disposal of parts of TI including Raleigh in return for the Evered share's, but added that there had been no approach to date. a 75 per cent majority, after it has made its own plans known.

advising ICT, said last night that NEVI BALTIC has received acceptances from holders representing 97.2 per cent of Baltic shares and plans to compulsorily "ICT said last week that it proposals before the end of the acceptances from holde regarded the fund management week. The resumed extrasenting 97.2 per cent proposals as in the best long-ordinary-meeting will take place shares and plans to complete in interests of its share-in Edinburgh on December 4.

first two are the only realistic options. Evered bought its 8.75m shares for £31.9m at an average price of 365p—they are now worth over £35m, but if it started to sell, the shares would remidly loss value.

rapidly lose value.

In its continuing quest to acquire more weight in the City, Evered is expected soon to announce the appointment of

Mr Ronnie Utiger, TI chair westerday that

it expected to see British Assets'

Evered Holdings, the engineering group headed by the Abdullah brothers, yesterday won near unanimous retro-spective support from share-holders for a purchase of 14.7 per cent (20.1 per cent concert parties) of the

Interests,

The sale of C. E. Heath & Co (Underwriting), which manages the affairs of more than 400 members of Lloyd's directly, and introduces members to insurance syndicates in the market, has been carried out in accordance with the divestment provisions of the Lloyd's Act of Parliament of 1982. The Act required all Lloyd's brokers to sever their links with Lloyd's underwriting activity by mid-1987.

In the proposed disposal, Mr.

In the proposed disposal, Mr Derek Newton, chairman of the parent company of the C. E. Heath group, is resigning from the board of the agency company, together with Mr Peter Dawson and Mr David Barham. In other moves in the divest-ment realignments at Lloyds, Wellington Underwriting Agencies, the managing agency divesting from Willis Faber, an insurance broker, has appointed Mr Anthony Cooper as managing

Mr Cooper is presently senior partner of Price Waterhouse in Malaysia. Wellington will manage the affairs of 3,500 members of Lloyd's who underwrite a combined premium income of £200m.

Willis Faber is holding a meeting of shareholders in early December to approve the divest-ment arrangements.

WARD WHITE'S offers for May-nards have become unconditional in all respects. Acceptances have been received from the holders of 3.06m Maynards' ordinary

of 3.06m Maynards' ordinary (62.4 per cent).

Ward White now owns or has acceptances in respect of 4.53m Maynards' ordinary (92.3 per cent) and has acceptances from holders of 53.306 Maynards' preference (94.3 per cent). The offers remain open until further notice, 'Ward White intends to acquire compulsorily the outacquire compulsorily the out-standing ordinary and preference

COMPANY NEWS IN BRIEF

spp, supplier of pumping systems for fire fighting and protection, is planning a stock exchange flotation via an offer for sale of shares by Samuel Montague. Spp made pre-tax profits of £1.96m (£1.1m) in 1984 on sales of £30.5m (£25.6m). Cazenove is broker to the issue.

CHINA & EASTERN Investment CHINA & EASTERN Investment Co.—The application list in respect of the offer for subscription of 17m ordinary shares (with warrants) opened at 10 am on November 1 and was closed at 10.30 am—773 applications for a total of 18,173,800 ordinary a total of 18,175,500 ordinary
(with warrants) were received.
Applications from the public will
be allotted in full and applications received from pre-places
will be allotted as to about 93 per
cent of the amount subscribed.
It is expected that share and

warrant certificates will be posted on November 11 for deal-ings to commence November 12.

HOME CHARM Group's subsi-diary. Texas Homecare, has completed the sale and leaseback of its new central office and dis-tribution warehouse situated in the enterprise zone at Wellingthe enterprise zone at wanting-borough, Northamptonshire, to Security Pacific International Leasing (Europe), Inc., and Robert Fleming and Co for

CANNON STREET Investment cannon STREET Investments, investments holding company, has acquired S & H, which makes radiator shelves, and Litherland, food wholesaler, for an aggregate initial consideration of £660,000, including £50,000 in ordinary shares. ordinary shares.

NEW THROGMORTON TRUST (1983) had a basic net asset value of 108.22p at end-September 1985, against 78.25p a year earlier. Fully disted net asset value was 88.81p (64.8p). An interim dividend of 1.25p (1p) is below reid to reduce densitive being paid to reduce disparity and to reflect increased income. The directors anticipate a higher total dividend than last year's 2.7p. Net income for the half year was £743,000 (£483,000) for earnngs of 1.9p (1.23p).

CLAYFORM PROPERTIES has disposed of it entire holding of 1.11m ordinary shares in Owen Owen department stores group, at 534:p per share, representing a net consideration after commission of about £5.9m.

BARTON GROUP, holding com-pany with interests in foundry and engineering work, increased pre-tax profits from £496,000 to 5697,000 in the six months to June 30, on turnover of £24.88m (£24.94m). Earnings per share were stated at 2.14p (1.41p).

J. R. ENGLAND & Sons (Wellington), produce supplier and convenience food merchant, made a pre-tax loss of £33,306 (£78.755) for the half year to June 29, 1985, which was after a £27,964. redit for the proceeds of the sale of a property above written down book value. Turnover was £2.1m (£3.18m) and loss per 5p share 0.68p (1.59p). There is again no dividend



U.S.\$45.84 YIKING RESOURCES INTERNATIONAL N.Y.

INFO Pleaso fieldring & Plemon N.V.

LADBROKE INDEX 1,067-1,071 (-4) Based on FT Index Tel: 01-427 4411

Dank of Scotland Money Market Cheave Account

REPUBLIC HOLDING S.A.

NOTICE TO SHAREHOLDERS

OF REPUBLIC HOLDING S.A. IN LIQUIDATION (formerly Trade Development Bank Holding S.A.) 13 Boulevard de la Foire, 2013 Luxembourg, Luxembourg

FIRST DISTRIBUTION OF ASSETS

At the Extraordinary General Shareholders Meeting of Republic Holding S.A. ("RH") held on October 29, 1985, the Shareholders decided to put RH in liquidation and approved the liquidation plan submitted by the Board of Directors, which plan consists essentially in the distribution to RH Shareholders of a cash payment and of 9,355,846 shares par value US\$5.- of the Common Stock of Republic New York Corporation ("the

RNYC shares").
Mr. Edmond J. Safra, Chairman of the Board of Directors of RH and holder of 64.6% of RH shares, has declared that he has no present intention to sell the RNYC shares he will receive directly or indirectly as a result of the liquidation of Republic Holding S.A.

At the first meeting of the Liquidators Committee of Republic Holding S.A. in liquidation held on October 29, 1985, the Liquidators decided to effect as of November 12, 1985 the first distribution of assets made up of:--

US\$2.- cash payment for each share of Republic Holding S.A. in liquidation. 0.56475 shares of RNYC shares for each share of Republic Holding S.A. in liquida-Republic New York Corporation is listed on the

New York Stock Exchange and the London Stock OF REPUBLIC HOLDING S.A. IN LIQUIDATION

WHOSE SHARES ARE IN BEARER FORM. As from November 12, 1985, starting date of the distribution, each Shareholder should present coupon Nr. 17 and 18 of his shares of Republic Holding S.A. to any one of the Paying Agents listed here below, or request his bank to so act as per his instructions. Coupon Nr. 17 entitles the Shareholder to the US\$2. cash distribution, coupon Nr. 18 to the distribution of RNYC shares.

Upon presentation of coupon Nr. 18, the Paying Agent will confirm to the Shareholder the number of RNYC shares to which he is entitled and, in accordance with his instructions, will arrange for the issue, registration and delivery of his entitlement in RNYC

No fractional shares of RNYC shares will be delivered. Fractional shares entitlements will be paid in cash, on the basis of the closing price of RNYC shares on the New York Stock Exchange-Composite Transactions Tape on the day of presentation of coupon Nr. 18 to the Paying Agent, or, if such day is not a trading day on such exchange, the immediately pre-

Payment in respect of fractional entitlements will be made on the business day (which

expression shall mean a day in which banks are open for business in London and New York, or the place of business of the Agent, as the context requires) next following the day of presentation of the relevant coupons numbered 18, unless such day is not a trading day on the relevant exchange, when payment will be made on the day of presentation.

No RNYC shares will be distributed in respect of coupons Nr. 18 presented after January 10, 1986. After January 10, 1986, the RH Share-holders will be entitled to receive only their pro rata share of proceeds from the sale by RH of the undistributed RNYC shares, against presentation and surrender of coupon Nr. 18 at the office of Republic National Bank of New York (Luxembourg) S.A. ("RNB Luxembourg"), an indirect wholly-owned subsidiary of RNYC. The proceeds of such sales will be deposited with RNB Luxembourg promptly after the proceeds of such sales are

Coupons Nr. 17 and 18 may be presented to any of the Paying Agents listed here below:— Manufacturers Hanover Limited 8 Princes Street, London EC2P 2EN (England) Banque Internationale à Luxembourg S.A. 2 Boulevard Royal, Luxembourg

(Luxembourg)
Manufacturers Hanover Banque Belgium
13 Rue de Ligne, 1000 Brussels (Belgium) Manufacturers Hanover Banque Nordique 20 Rue de la Ville-l'Evêque, 75008 Paris (France)

Manufacturers Hanover Trust Company Bockenheimer Landstrasse 51/53, Frankfurt (W. Germany) Manufacturers Hanover Trust Company 40 Wall Street, New York, N.Y. 10015

(U.S.A.) Republic National Bank of New York 452 Fifth Avenue, New York, N.Y. 10018

Republic National Bank of New York 46 Berkeley Square, London W1X 5DB (England)

Republic National Bank of New York (Luxembourg) S.A. 103 Grand' Rue, 1661 Luxembourg (Luxembourg)

Trade Development Bank 30 Monument Street, London EC3R SLH

Trade Development Bank (Luxembourg) S.A. 34 Avenue de la Porte Neuve, Luxembourg (Luxembourg)

The Liquidators Jean Hoss C. G. Rodney Leach

Roger Junod Walter H. Weiner

Lange M

investment structure, to better reflect the present portfolio of the Fund and to satisfy irements of the Luxembourg Stock (d) changing the Valuation Regulations of the Fund to take account of the new investment

3. To transact such other business as may properly come before the meeting. Implementation of the actions specified in

The Bank of Bernauda Limited

Hamilton, Bermuda

be inspected at the Fund's principal office at Pembroke Hall, Hamilton, Bermuda or at the offices of Fidelity International Management Limited, or Kredietbank S.A. Luxembourgeoise,

Fidelity American Assets N.V. c/o Maduro & Curiel's Trust Company, N.V.

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares obtained from the Fund's principal office at Fembroke Hall, Hamilton, Bermuda or from the companies listed below, to the Fund at the above address. Alternatively, holders of bearer

such rights. to bearer shareholders) must be received by the Fund not later than 9.30 a.m. on November 25th.

43 Bonlevard Royal Fidelity International Management Limited 25 Lovat Land

London EC3R 8LL

AMERICAN ASSETS N.V. items 1 and 2 will require a statement of nonobjection by the supervisory authorities of the Fund. Drafts of the above-mentioned documents may

Holders of registered shares may vote by proxy by mailing the enclosed form of proxy to:

P.O. Box 305

the above states, therefor, with the Fund at Schottegatweg Oost, Salinja, Curacao, Netherlands Antilles, against receipt therefor, which the very control of the control of will entitle said bearer shareholder to exercise

All proxies (and certificates of deposit issued 1985, in order to be used at the Meeting.

Kredietbank S.A. Luxembourgeoise

By Order of the Management Charles T.M. Collis



N.A.Y. at 31:10.85

MII!

Bridport-Gundry at

UK COMPANY NEWS

Associated British Foods

Half Year Progress Report

	Six months to 28 September 1985*	Six months to 29 September 1984*	Year to 30 March 1985 Emillion
Turnover	£ million 1,481.0	1,441.0	2.931.0
. Trading surplus Interest payable	49.4 2.4	46.1 2.6	114.8 6.0
Group profit	47.0	43.5	108.8
Investment income	15.4	10.1	23.5
Profit on ordinary activities before tax	62.4	53.6	132.3
United Kingdom tax Overseas tax	18.3 6.3	14.6 5.9	37.9 13.5
Profit on ordinary activities after tax Minority interests	37.8 1.0	33.1 1.1	80.9 2.0
Profit on ordinary activities attributable to the company	36.8	32.0	78.9
Extraordinary items	6.2	3.7	10.8
	43.0	35.7	89.7
Ordinary dividends 1st Interim 2nd Interim	7.6	6.8	6.8 14.8
Earnings per share before extraordinary items	9.2p	q0.8	19.8p
*Half year figures unaudited			

An interim dividend of 1.9p per ordinary share (1984 – 1.7p) will be paid on 3 March 1986 to shareholders registered at the close of business on 31 January 1986. Including tax credits this dividend is equivalent to 2.71p per share (1984 – 2.43p).

The Chairman, Mr. GARRY WESTON, reports:

The profit before tax for the period at £62.4 million is £8.8 million higher and represents an increase of over 16 per cent. After providing for taxation and minority interests the profit attributable to the company for the half year is £36.8 million and earnings per share 9.2p, an increase of 15 per cent on last year.

An amount similar to last year has been charged against profits in respect of reorganisation and redundancy costs. The below the line profit increase from £3.7 million to £6.2 million in extraordinary items represents the profit during the period from the sale of properties and investments. Capital expenditure during the first half was over 10 per cent higher and it is anticipated that this level will be maintained for

Worldwide sales increased by £40 million, but this is after taking into account the adverse currency re-alignment which has taken place during the past six months between sterling and the Australian dollar amounting to £51 million. The strong cash flow in the United Kingdom has enabled borrowings to be reduced, which more than offset the increase in interest rates against the comparable period, and interest payable at £2.4 million is lower. The group trading profit at £47 million represents an increase of £3.5 mil-

An acceptable rate of return was achieved on our funds under management during the first half of this year and had the effect of increasing our investment income by over 50 per cent to £15.4 million.

The combined sales in the United Kingdom increased by 7 per cent to £1,169 million and trading profits by 10 per cent to £34.7 million. Our retailing divisions have made a very satisfactory start to the year

but the manufacturing divisions, partly due to the bad summer weather, achieved only a marginal increase on the previous year's record trading profits.

Overseas sales at £312 million and trading profits of £14.7 million compare with £350 million and £14.6 million respectively for last year. However, sales are distorted by currency re-alignments and the disposal last year of the poultry and furniture operations in Australia, the effect of which reduces sales by some £80 million. Currency re-alignment has reduced trading profits by £2.7 million. The continuing operations of George Weston Foods in Australia in terms of local currency increased sales by 10 per cent and profits by 24 per cent. Australian results have been converted at 1.99 dollars to the £1.

At this stage it is not possible to measure accurately the cost of the impact on profits resulting from the poor quality of the wheat harvest in the United Kingdom this year. However, the satisfactory start to the year by our trading divisions in total is currently being maintained, and we expect that the budgetted profit increase for the year will be achieved. Profits of the group can of course always be affected by the unknown

> Associated British Foods plc Weston Centre, 68 Knightsbridge, London SW1X 7LR

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SWISS BANK CORPORATION

ITT ANTILLES N.V. 94% US\$ Bonds 1989

Swiss Bank Corporation, Zurich, announce that the Purchase Fund instalment of Bonds, due 30th September, 1985 for a nominal value of US\$2,000,000 has been met by purchases in the market.

US\$63,000,000 nominal amount of Bonds will remain outstanding after 30th September, 1985.

6, Paradeplatz

CH-8022 Zurich

5th November, 1985

randa kanang galam ngarapatan ngarapatan sa kanang menang galawan ngarapatan na atau na manang menang menang Manang kanang kanang sa menggalah dan menang kanang kanang kanang menang kanang sa kanang kanang kanang kanang

Sound Diffusion tumbles midway but recovery seen

Sound Diffusion, electronic engineer, suffered a sharp fall in pre-tax profits from £5.27m to £2.68m for the first half of 1985. But some improvement is expected in the second six months and the full year figure is forecast to be in the region of last year's £7.44m.

Mr C. R. P. Stonor, the chair-man, explains that in the first six months the company experi-enced a continuing fallout of enced a continuing fallout of rental business, written prior to the introduction of its credit control system. This, coupled with the magnifying effect of a new accounting standard, SSAP 21, has been the main cause of the profits decline.

The half year result also re-flects the final large trading losses of Alpha Lifts up to its reorganisation in March and the low rate of reputal installations in

profitable and should make a useful contribution in 1986.
He says it is not possible to forecast accurately when suspect rental contracts will be flushed completely out of the system, but current indications are that the second half of 1985 will show a reduction in cancellations and

that in 1986 the problem will be sufficient recent to a relatively minor one.

Referring to the accounting activity. Change, Mr Stonor reminds Howevholders that the Institute of intake in Chartered Accountants recom-mends that rental and leasing companies write their post-1984 accounts in accordance with

This has made it necessary to recalculate and reclassify each of the company's 20,000 rental accounts in respect of capital values, depreciation and service

Wire & Plastic

profits up

20% halfway

Wire & Plastic, the Kent

manufacturing company, reports pre-tax profits up about 20 per cent to £157,000 in the six months

to June 30, compared with £131,000.

Mr Martin Sorrell, finance director of Saatchi and Saatchi, and Mr Preston Rabl, a partner lu stockbrokers Henderson Crossilla de la compare de la

in stockbrokers Henderson Crosthwaite, took at 27 per cent stake in the company in June in a deal worth about £515,000.

Sales rose by 23 per cent in the six months to £1.96m (£1.59m). Earnings per share rose by about 20 per cent to 2.28p (1.89p). Extraordinary debt was £10,000 (nil).

The company has net cash balances of more than £850,000 with which to pursue its expansion objectives. It is paying an interim dividend of 1.1p, up from 1p. Its final dividend for 1984 was 1.4p on a pre-tax profit of

was 1.4p on a pre-tax profit of £311,000.

Tysons midway

The economic climate in the

north-west of England, with its shortage of work and consequently reduced margins, have produced losses for Tysons (Contractors).

(Contractors).

In the half-year to June 30, 1985 they increased from £361,175 to £419,607 on turnover down from £13.05m to £11.46m. Year-end losses totalled £1.53m in 1984, against profits of £813,000 in 1983. The 1984 losses were blamed on the severe winter.

Mr W. L. Tyson, the chairman, says the losses have now been stemmed, and the trading pattern in the first and second halves of 1984 will not be repeated in 1985.

Measures taken include secur-

Measures taken include secur-ing work in areas outside Liver-pool, expansion of the joinery manufacturing subsidiary's acti-vities in the profitable areas, rationalisation of departments and cost reduction.

Surplus assets are being dis-posed of in order to reduce bank borrowings and interest charges.

DONALD MACPHERSON Group is proposing the early repayment of its outstanding £382,301 72 per cent unsecured loan stock 1989-1994 at par, together with accrued interest, subject to stockholders consent.

BUNZL has an interest in 20.87m shares (91.7 per cent) of Stewart Plastics, following acceptances received of 18.11m shares (79.6 per cent). The offer has been declared unconditional and will remain men.

CORRECTION NOTICE

Wells Fargo & Company

£60,000,000

Floating Rate Subordinated Notes

due January 1994

macroinance with the provisions of the Notes, notice is bereby given that for the Interest period 28th October, 1985 to 27th January, 1986 the Notes will carry an Interest Rate of 11¹³10% per annum.

Interest payable on the relevant interest payment date 27th January, 1986 will amount to £147.25 per £5,000 Note.

Agent Bank: Morgan Gunranty Trust Company of New York London

and cost reduction.

loss increases

provisions in order to bring them into line with the new accounting principles.

The new balance sheet at January I 1985, shows ner assets of £23.5m, compared with £22.64m in the corresponding balance sheet based on the previous accounting basis. But despite a positive difference of £558,000, the new standard has also magnified the capitalised values which have been written normal number of rental agreements prematurely terminated in 1985.

Mr Stonor refers to the loss

Mr Stonor refers to the loss of morale which occurred in the company's sales force due to a fall in the company's share price after publication of the 1984

low rate of rental installations in January and February mentioned in the chairman's June statement.

These three factors have depressed interim profits by about 23.05m.

Mr. Stenger says Alpha is now accounts.

However, time more than any improvement in share price has removed the problem and cur-rent order intake is again buoyant, he states. But despite the growing order book, it will not be possible to accelerate the completion of installations by the end of this year to a rate sufficient to make up for the recent two months of reduced

intake is no more than main-tained at its present level during 1986, the chairman says holders may look forward to results for that year which will dispel any doubts in the company's ability to resume a high growth level. Turnover for the first half of 1985 was £14-im (£15.07m). This comprised £14-68m

each month.

£13.54m (£13.64m).

The difectors expect the group to make a pre-tax profit for the year. This, together with pro-ceeds from assets sales, is

expected to result in a further

increase in reserves.

Their view of future trading prospects suggests that the profitable position will be main-

Bradbury Wilkinson

recovery to continue

AN IMPROVED trading position is reported by Bradbury Wilkinson, the unquoted security printer. The group cut its half-year loss to £56,000 from £3.76m. Profit is £39,000 before interest of £603,000, compared with a loss per share of £3.02m loss before interest of with £8.16. To £746,000 at the same time last year. Since the end of March, pre-tax profits have been made (£153,000).

However, if the rate of order

Sound Diffusion appears to have a severe communications problem. Only last June it incurred the City's displeasure by delivering full-year profits of £7.4m after allowing its own brokers' forecast of £12m to go unchallenged. Chairman Mr Paulistonor went to some lengths to explain what had gone wrong; he also said the problems had been solved and looked forward to a resumption of growth in to a resumption of growth in the current year. Since he was speaking only days before the end of the period now being reported on, investors might reasonably have expected him reasonably have expected him to make some mention of the fact that Alpha Lifts' losses had continued well into the current year and that defaults on contracts for leisure equipment rentals were accelerating. He did not: further, the accounting standard whose introduction he described in June as a help rather than an imposition has turned out to be a hindrance. The blows to investor confidence have been severe and the shares,

have been severe and the shares, already down from last year's high of 163p to 45p, shed another 4p to 41p yesterday. Alpha Lifts may now be showing profits and rental contracts may be picking up, but with further unquantified rental contracts may be picking up, but with further unquantified defaults in prospect and the company's credibility gap yawning ever wider, the shares look unattractive even at this price.

tained into 1986.

Turnover in the half-year came to £23.71m (£17.67m). An extraordinary credit of £870,000 compares with an extraordinary debit of £1.66m last year and a loss per share of 79p compares with £8.16. The minorities credit was £37,000 against £50,000, and lay credit £180 on

mainly in the cheque and other security documents areas,

compared with 1984.

The reorganisation of factory

locations during the past year has been successfully completed.

banknotes cheques have also

although

travellers'

recorded

Cramphorn drop is 24%

THE SUBSTANTIAL fall in Earnings have fallen from profit expected by Cramphora, 24.29 to 16.399 per share, after the USM operator of garden tax £195,000 (£220,000), but the

centres, turns out to be 24 per dividend is held at 5.167p net cent for the year ended July 6 light from £570,000 to £432,000 In the first half of the year the company reported a turn-round into a loss of £29,000, adverse weather throughout all seasons and much higher interest.

The several relations are selected as the company reported a turn-round into a loss of £29,000, against a profit of £84,000.

The new garden centre at Bury

rates. The severe winter caused losses of container plants in excess of £70,000 while interest success, making a useful contricharges more than doubled to £109,000. Turnover came to Sales in the current year so

credit £189,000

£2m and confident Bridport-Gundry has announced a 32 per cent increase in pre-tax profits from £1.59m to £2.11m in the year to July 31 1985, and the company is confident of continuing progress in all its operations. At the half way stage profits had risen from £394,000 to £546,000.

Turnover for this Dorset-based maker and retailer of netting and twisted and woven products, showed a 26 per cent improvement to £30.2m (£23.9m), and gross profits emerged £1.27m ahead at £7.17m.

Total dividends of 5p (4p) are proposed, with an increased 3.55p (2.75p) final. Stated net carnings per 20p share are shown up from 14.43p to 15.49p, after tax almost doubled at £850.000 (2322 000). (£332,000).

There were investigations fol-There were investigations fol-lowing the departure of a direc-tor of Brownell & Co of Connec-ticut in May which revealed that for some time records of work in progress had been altered after physical stock counts to show higher values of stocks than were there. were there.

Because of the unavailability of certain records, the effect on of certain records, the effect of the year under review cannot he precisely indicated and a con-servative view of profit has had to be taken. No defalcation is believed to have been involved but the net effect on group reserves, dealt with as a prior year item, is a reduction of some £200,000. This apart, directors say Brow-

Brownell was also affected by the annual production of helicopter understang ners, worth over \$600,000 on a single order, being condemned after some were found unsatisfactory on

It was necessary to establish another approved source and to reserve cost of replacing the substantial number of attachments already included in the finished product. But all the nets should be delivered by the end of December 1985, they report.

The Marine division did well, the directors state, despite the vagaries of the fishing market

in some parts.

Bridport Aviation Products had another excellent year, and most of the group's other subsidiaries had good results, they report. Although James Pearail had a disappointing year in sewing threads, its surgical sutures side was successful. Because of the difficulties in the French market, the company has closed its Parts distribution enempany.

Lolift B-G, which makes inter-mediate bulk containers, contri-buted £208,000 pre-tax profits in its first 10 months as part of the group, and gave a satisfactory return on the initial £769,000 in-vestment, the directors state.

Fisons in £5m expansion of horticultural division

and chemicals group, has streng-thened its horticultural division with the £4.7m purchase of the home and garden business of Murphy Chemical, a UK subsi-diary of the US company Dow

The cash purchase, according to Fisons' chairman and chief executive, Mr John Kerridge, "is another step in the development strategy of the division."

Murphy Home and Garden markets products for the control of garden pests, weeds and diseases to the amateur gardener

Fisens' horticultural division is the smallest of its three areas of operation, the others being pharmaceuticals and scientific instruments. In the 1984 year it turned in healthy profits of £5.8m, on turnover of £63m out of group totals of £52.8m and £55.8m. £552.6m

Mr Kerridge went on: "The inclusion of the home and garden business within the horticultural division further Strengthens our wide product portfolio: It has strong brands and an established through distributors and chain strong brands and an establish stores, with such brand names as position in the market place."

This announcement appears as a matter of record only

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5th November, 1985.

November 5, 1985

The new garden centre at Bury St Edmunds was opened on April

Sales in the current year so far are ahead by 10 per cent,

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Medesign markets its way out of a cash flow crisis

Ian Hamilton Fazey revisits a medical products start up two years on

MEDESIGN looks like making shaw in touch with Medialogic, it. Despite teetering for some time on the edge of bankruptcy it is now expanding quickly but soundly and has taken on more staff. It now-employs nine people and turnover is moving towards whether the company could last out before revenue picked up again.

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The company's main product is the Backfriend, a portable ergonomically designed back support that comes hinged to a seat base. The device can be used on all sorts of chairs — from garden furniture to soft sofas to car seats — to aid correct mature. The decignations which soft is business because NatWest had down as too risky). The Co-op continued its support as a result rect. posture. The designer was Dr Duncan Troup, consultant orthopaedic surgeon at Royal Liverpool Hospital and an expert on back pain.

In 1933 Medesign was featured on this page (October 18) when the Backfriend had been in production for six months. Then, hopes were high among its founders — Troup, John Wilkinson, who is marketing director of a large greetings card company, Dr Peter Dean, a prize-winning blochemist and genetic engineer, and Ian Walk.

a prize winning blochemist and genetic engineer, and Ian Walkingshaw, a redundant manager from the chemicals industry.

Dean, then at Liverpool University, had encouraged his friend Troup to go into production with the Backfriend after Troup had failed to find a manufacturer willing to take it on. Wilkinson and Walkingshaw were friends from Dean's local pub, All four put up £500, taking pub. All four put up £500, taking 25 per cent of the equity each, with Walkingshaw the only executive director

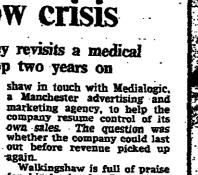
The venture nearly went bust last year after the founders farmed out UK sales and marfarmed out UK sales and mar-keting to a well-established medical supply company. This was a breakthrough and was ed to assure the new company's future, making its products—Backfriend is only one

of five medical devices Troup has developed—stock items on a major wholesaler's list.

But the distributor failed to perform, partly because hereavement seriously demotivated a senior manager. Sales in a six-month trial period achieved only 38 per cent of year when it won Design Countries as a serious cash flow problems.

Hattre of a better car for me. All our financial resources have been kept for things where value will be added. And we have been careful to ensure that production is sales-led."

He has also worked hiard to improve product design. This paid off for the Backfriend this year when it won Design Countries and in export markets, which are



continued its support as a result of Medesign's frankness about

ROGRESS

REPORT

newspapers—picked up quickly. Walkingshaw says: "Far too many companies overspend in terms of non-essentials. We have resisted the temptation to

spend on fancy offices and fur-

niture or a better car for me. All our financial resources have

replace the original's leather replace the original's leather thongs, and fully upholstered versions are now available—these have been doing well among wheelchair users.

Meanwhile the other main product, patient-handling slings that order in print is steadily

problems, its remedial action and prospects and its good record on spending control. that come in pairs, is steadily gaining ground in hospitals. The slings are designed to enable nurses to lift patients so that the leverage is applied through the nurse's centre of gravity. gravity.

gravity.

The prototypes were stamped out of conveyor belting but once the principle of use had been proved, an injection-moulding process was introduced to make the slings from a heavy-duty plastic. They are now being evaluated in trials by the U.S. veterans administration. Acceptance will see them by the U.S. veterans administra-tion. Acceptance will see them used in USVA hospitals world-wide, as well as boosting expanding U.S. sales.

Medesign's other products include wooden hand blocks (shaped rather like electric irons with large, oblong hot-plates) that enable patients to move themselves about in bed more easily, and a goniometer, a device used by doctors and physiotherapists to measure accurately the angle through which patients can bend joints.

The latest development is a cut-price (£9.95 as against competitors' usual prices of £35-£40) wobbleboard—a small platform with one central rounded support on its underside: it requires a balancing act to stay on one and they are used in the rehabilitation of injured leg muscles and joints.

vated a senior manager. Sales in prove product design. This in a six-month trial period achieved only 38 per cent of year when it won Design Counbudget. Medesign plunged into serious cash flow problems.

Wilkinson stepped in, using has adjustable plastic hinges fo his contacts to put. Walking has adjustable plastic hinges fo manager. Sales improve product design. This and joints.

Apart from mail order, Walking has now established a firm network of 28 stockists, mainly medical supplies shops, conserving working capital and throughout the UK. He uses has adjustable plastic hinges fo agents in export markets, sell-

ing now in France, Italy, West ing now in France, Italy, west Germany, Belgium, Ireland and Sweden, as well as the United Arab Emirates, Australia, New Zealand and the U.S. Pricing in foreign markets is

left to the agents, with the result that the Backfriend sells for the equivalent of £45-£50 abroad, compared with £30 in the UK.

Medesign's turnover (it has a May year-end) has risen from £9,000 in 1982-83 to £36,000 in 1983-84 and £100,000 last year.

1983-84 and £100,000 last year. The current year expectation is £250,000, doubling to £500,000. for 1986-87.

Staffing, which started with himself and one other, has risen to nine, with one more to be recruited this month. Future expansion may accelerate more quickly than planned now that quickly than planned now that Boots, Britain's leading high street chemist, has decided to stock the Backfriend at its bigger outlets.

However bright it now looks Walkingshaw admits that it has been a very close-run thing. Medesign launched innovative products into conservative markets where things like evaluative trials take a long time to bear fruit. The problem for Medesign has been to survive long enough to pick the

Walkingshaw thinks that many small businesses fail because they do not have the resources to live long enough to learn and adapt, as did Medesign with its marketing strategy.

They also fail because the

founders look for too rapid returns. From the outset, all

US entrepreneurship

Service industries dominate growth

BY WILLIAM DAWKINS

fastest growing sector of America's entrepreneurs.

Those are among the main conclusions of the recently pub-lished annual report of the US lished annual report of the US Small Business Administration, the government department which provides soft loans, subsidies and advice, and defends the cause of small business within the Administration.

within the Administration.

Industries where small business dominates (sectors with companies of less than 500 employees account for at least 60 per cent of total sales) are creating jobs twice as fast as industries dominated by large busineses, says the report. Such industries saw an 11.4 per cent increase in employment in the two years to October 1984, as against the 5.3 per cent growth recorded by large business dominated sectors.

About 325,000 small companies were incorporated in the

dominated service industries scored a 12.6 per cent rise in employment in the first six months of 1984; a statistic which adds weight to the British Government's hopes for service industries as an important source of new jobs.

source of new jobs.

The report contrasts US experience with that of Europe, where 2m jobs have been lost over the past 10 years as against about 20m gained in the US.

"This lacklustre performance is partly attributable to European policies that tampered with the natural forces of the market place, often shunting valuable resources away from the innovative and job-creating small business sector," according to the ness sector," according to the SBA.

Many of America's new firms are owned by women, "who are entering the ranks of business panies were incorporated in the first half of last year, an 8.6 per cent in the same period number of start-ups rose by 7 per cent in the same period. Says the same period. Says the s

US SMALL businesses continue traditional manufacturing indus- figures are available), a more it faces in attracting and motito lead the way in the nation's tries into the expanding service rapid growth than that for the vating staff. The key to this is small business sector as a whole. The SBA estimates that there has businesses to match the pension fastest growing sector of ing to the SBA. Small-business were 3.1m women small business and health insurance benefits were 3.1m women small business owners in the US by last year. "Women business owners have moved into the entrepreneurial Britain.

mainstream," it says. They are particularly strongly represented in service industries like retailing, finance, insurance and property, but they are also mov-ing into a wide range of traditionally male-dominated occupa-tions such as construction and law, adds the report.

The increasing percentage of women in the labour force means that "as wage and salary workers, women have acquired skills and experience that can ship." The growing number of women taking advantage of higher education together with the expansion of services industries - many of which demand skills that women have traditionally acquired in other areas, says the SBA — have also con-

offered by large companies: a problem which is also felt widely by entrepreneurs in

On average, it costs a US small business \$1,180 (£819) per head to establish a benefits package, while a large company pays a mere \$574 for the same package, estimates the SBA. The difference arises because it takes just as long to set up a company benefit plan for five as for 50 employees.

"It is difficult for start-up and expanding small companies to offer a full complement of worker benefits. Yet these same enterprises furnish the nation with the major share of new jobs," says the report. It points out that Congress has passed an out that Congress has passed an array of legislation supporting pension benefits for small busi-nesses. "Small firms, however, are still not taking full advantage of the available options."
* The State of Small Business: The SBA is anxious, however, available from the Sperhat the growth of the small intendent of Documents, US usiness sector as a whole is Government Printing Office, eing restricted by the problems Washington, DC 20402.

In brief . . .

INTRODUCTION to Business, launched last week by Usborne Publishing, provides a brightly illustrated and clearly explained guide for beginners to the business warld.

beginners to the business world.

It makes use of some novel and appealing methods to explain basic business principles. The idea of cash flow, for instance, is illustrated by locks controlling the flow of water in a canal, with each lock representative a senerate lock representing a separate step in establishing a cash control system.

Written computer programs Written computer programs enable micro-users to play at running a coffee shop or a fashion business. Prices, stocks, wages and other variables can be juggled to establish the effect on profits. The programs can be seaded onto most popular brands of home computer. The book costs £2.50 in paperback or £4.95 in hard-back from Usborne Publishing, 20 Garrick Street, London WC2E 9BJ.

A COURSE designed to help small established businesses grow is to be held on five successive Sundays starting later this month by Hayeraft Personnel and Training, the South London training group.

The entire cost of the courses is being paid by the Manpower Services Commission as part of its adult training strategy. The first session starts on November 17 Details from Haygraft 17. Details from Haycraft Personnel and Training, Southbank House, Black Prince Road, London SE1 78J. Telephone 81-587 0569.

HAMBRO Legal Protection has launched an insurance and legal service for small business customers.

Only applicants with less than five employees or annual sales below £300,000 are eligible for the scheme, which costs a tax-deductible £30 a

The scheme includes a 24-hour telephone legal advisory service for no extra charge, accountants' fees of up to £10,000 to appeal against value added tax assessments or up to £1.500 to deal with Inland Revenue in-depth tax investigations, up to £10,000 in legal fees for business criminal prosecutions—in-cluding motor offences—and up to £10,000 for legal costs of disputes with customers or

suppliers. Details from Edward Wright, Hambro Legal Protection. Hambro House, East Hill, Colchester, Essex CO1 2QN. Telephone 0206 870570.

SMALL businesses which need marketing help but do not

orders to be borner or appropriate to the

know where to get it can make use of the register of marketing consultants un-veiled last week by the Institute of Blarketing.

More than 100 consultants— all vetted by the institute have joined the register and another 500 are considering whether to add their names to the list. The institute is offering small businesses free

introductions to consultants. The companies are asked to fill in a short questionnaire indicating the rough nature of their needs and the institute will then supply the names of three consultants likely to be suited to the applicant's requirements. Counseiling is available for businesses which are unable to identify areas where they need most help.

Details from the Institute of Marketing, Moor Hall, Cookham, Maidenhead, Berk-thire, SL6 3QH. Telephone 06285 24922.

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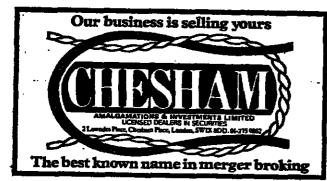
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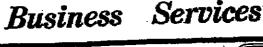
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Further details from: N | Hamilton Ernst & Whinney Becket House, 1 Lambeth Palace Road, London SE1 7EU. Telephone: 01-928 2000.

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01-637 0821 Ref. MHB

• Main dealership potential Main dealership potential Trunk road frontage on A65 Present turnover of £1.6 million Total freehold site area of 2,500 sq. yards comprising showrooms, workshops and petrol sales forecourt For further details please contact: Peter Flesher FCA, Thornton Baker, Ridon Lodge, Eldon Plate, Bradford BDI 2AP. Telephac: 0274 734341. Telex: 51611.

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INVESTMENT OPPORTUNITY

HAMPSTEAD RESTAURANTS

Reglise the

potential of

Index aims

INDEX SYSTEMS.
Cambridge, Massachujetts, computer mahagement too

sultancy with a newly-established office in Lewise.

established office in Latitus, thinks computers should be used much more to produce a

competitive edge for a company rather than just for increased efficiency and cost

The company already has three important clients in the UK. ICI for example, has been putting Viewdata terminals into farms, so farmers can

call up weather forcests, prices and other agricultural

information. What they also get, of course, is information

about ICI products, giving the chemical company an

to give

an edge

TECHNOLOGY

Japanese invest in **fundamental** research

JAPANESE companies have opened about 35 new laboratories in the past few years to concentrate on fundamental scientific research, according to the Japan Management Associa

The association which re-cently led a tour of Japanese industrialists to study European research organisations, has drawn up a list of big Japanese companies which have estabnew experimental

Mr Akira Koudate, a staff member at JMA Consultants of Tokyo who led the tour, said that Japan had much to learn from western Europe about how to conduct long-term, non-product orientated research. The industrialists were shown round PA Technology in Royston, Britain; Shell Research in the Netherlands; Ciba Geigy in Switzerland; MBB and Siemens in Germany; and Thomson in

According to the association, "companies are establishing laboratories by putting empha-sis on basic development to aim at commercialisation in 10 or 20 years from now." Among the sectors establishing the research

seeds which resist attack by insects and use novel techniques

in biochemistry.

Electronic hardware, whose main research interests are in-tegrated molecular memories. the marriage of biotechnology and electronics (bioelectronics)

and artificial intelligence.
Chemistry and materials. Optical fibres, new resins, carbon fibres and gallium arsenide are subjects of special interest.
Machinery, where work will
concentrate on new types of

factory automation systems.

The accent on long-term re-search is part of Japan's move to shift more of its resources into research and development. Into research and development. In 1983 it spent Y7.18bn on research and development, 1.6 times greater (in real terms) than in 1975. The ratio of research spending to gross domestice product was 2.58 per cent in 1983, compared to 1.9 per cent in 1978.

About three quarters of the total spending is borne by private industry, with government bodies putting up the rest. Private industry's share of re-search spending went up from 69.8 per cent in 1978 to 75.8 per cent in 1983.

Profits become harder to find in CAD industry

A notable shake-up is going on in the computer-aided design (CAD) market in the US. Sales are growing at little more than half the rate of 1984 and one or two major companies

—Computervision and Calma
for example—have "been
stunned by red ink" according to market research company Daratech of Cambridge, Massa-Charlish reports chusetts.

Although the growth rate of the industry is still a respectable 30 per cent a year (a figura for which some other parts of the computing industry would be grateful), it has become harder to make a profit.

Computervision posted a 1985 first quarter loss of \$19m and laid off 950 employees while Calma, the General Electric (US) subsidiary, which was unprofitable in 1984, laid off 115 ctaff in April staff in April. According to Daratech, Com-

putervision, at one time market leader in CAD will take only 14.7 per cent of the sales this year, falling into third place behind IBM (21.4) and Intergraph (15.7).

Companies with an established backbround in big, turn-key CAD systems based on mainframes and large minicom-

Established companies have been wrongfooted by the acceptance of PC systems, Geoffrey

puters have been wrong-footed by others offering quite power-ful CAD systems on personal

Daratech says that acceptance of systems based on the personal computer (PC) has been "explosive." There were 42,000 units installed by the spring of this year so that by now the figure must be rapidly approaching 100,0000 Well companying ing 100,0000. Well over a third of all computer-aided design, manufacturing and engineering seats (workstation positions) are now thought to be based on

Such systems typically cost under \$18,000 (hard and soft

ranging from \$50,000 to \$120,000 per seat.

According to the Daratech report,* users are finding that PC-based systems often give them 70 per cent of the henefit for 20 per cent of the cost—so their sales growth is hardly surprising. The move to PCs is expected

to accelerate even more quickly when more powerful computing engines came on to the market, with better displays, between now and Spring 1986. A further announcement by Intel of a 32-bit microchip and by National of an enhanced version of its 32-bit chip.

Leading the PC push are Autodesk, which is now thought to be selling some 2000 copies a week of its highly regarded AutoCAD draughting and design software, and FutureNet, each with sales of about \$10m in 1984. There are now over \$25 commanies selling such efect. 25 companies selling such sfot-ware in the US.

According to the market research company, building for IBM hardware. under \$18,000 (hard and soft revenues in this segment has so by the end of this year, ware) and they are getting been difficult for the established it is estimated that IBM will faster and more versatile all turnkey system vendors have 21 per cent of the US CAD the time. They are hurting sales because of low unit prices and of high-end systems with prices because users apparently prefer \$770m, putting it six points

MARKET SHAFE-CAD CAM CAE PROJECTIONS

There are no prizes for guessing who has been the main beneficiary of all this. It is of course, IBM, which no whas a stranglehold on the PC market. Daratech estimates that in 1984, users spent \$360m for PC-based decimals. design, manufacturing and engineering systems, mostly

to buy personal computer hard-ware independently or use had outstanding user accept-computers already purchased for other purposes. ahead of Intergraph, which has had outstanding user accept-ance of its systems, which are based on the 32 bit VAX computers from Digital Equipment Corporation.

Intergraph has also begun intergraph has also begun-shipments of a one MIP (millons of instructions per second) workstation called interpro 2, based on the National Semi-conductor 32 bit micro. The stations only cost \$20,000 and can deploy Unix or MS-DOS operating systems.

The Daratech researchers, believe that IBM is preparing a number of single user Cadam-systems based on PCs and on

powerful new general-purpos engineering workstations similar to products made by Apollo Computer and Sun Microsystems. They will be \$2 bit machines in the one to four MIP range, possibly using the Unix operating system, with prices between \$15,000 and \$40.000

EDITED BY ALAN CANE

IBM therefore seems set to surround the market with an aray of compatible products, in all price ranges.

" CAD/CAM. CAE: Surrey
Review and Buyers' Guide, \$368
annually, from Daratech, 16
Myrtle Ave, PO Bor 410,
Cambridge, MA. (617) 354 2839.

advantago over its competitors. Index also is working for Whitbread and Bill Samuel, but is unwilling at this stage to disclose what the prejects

It is particularly interested

in thinking up systems that will make it easier for a company's customers to company's customers to choose and buy its products. More from Mr Thomas Waite on 01-439 1416.

Cheaper robots

MORE ROBOTS are being sold in the US, and they are getting chesper.
Figures released by the Robotic Industries Association, Dearborn, Michigan, show that in the second quarter of 1884, 1,065 machines were sold for a total of 265 formula average. total of \$66.5m-price of \$62,44L

In the same quarter this year, shipments were up by nearly a half to 1,524 units. valued at \$79.1m, an average price of \$51,902. The association estimates

that about 18,000 robots are now in use in the US, and that the total will top 20,000 by the end of the year. More from the US on (213), 271

Medicine and food, for work on new medicines, high-yielding How BR put its distributed computing strategy on the right track Professional Personal

LAST YEAR the British Rail- guaranteed results. ways Board decided it had to devise a coherent distributed computing strategy.

Since 1981 it had been "sell-years taking all costs into

"microcomputers to its own account.

information systems and tech-made possible a solution cap-nology for the board, argues it able of being enhanced graduwas a brave step for BR at the ally and flexibly, time: "This decision was prob • The architecture had to sup-

Professional Personal Computer Board was anxious to devolve conference in London last week. the maximum amount of deci-What follows are the highlights of that paper. "The information technology

business plan and corporate objectives. The corporate plan targets strict financial returns and the amount of money avail-able for speculative investment is limited. So the computing locally-developed software is central man initiative had to be based on centrally maintained, but down-tion systems.

We therefore decided

staff from computer shops in its • A common technical archi-main computer centres or allow-tecture had to be imposed on ing them to buy machines from all users to avoid a technologioutside suppliers. Mr Otto Benz, director of Networked microcomputers

ably the main reason for the port both personal applications rapid and enthusiastic accep- and corporate initiatives. BR corporate users."

Mr Benz described the rationale behind British Rail's new strategy to the FT's Third

Mr Benz explained that the

responsibility for all necessary business and investment choices plan is based on the corporate and for defining the facilities business plan and corporate necessary to sustain the benefits was left to local management.
Overall, development facilities like compilers are included in local systems software, terminals to more than a dozen

Computing line loading of data files from central systems and central systems and central mainframe

access from the micro is What can a BR user do with his personal computer? Mr Benz listed five principal areas.

Telecommunications: each user is connected to an in-house circuit switching system sup-porting more than 6,000 devices. Office automation: standard electronic office functions such as word processing, spread-sheets, electronic mail and executive diaries are provided

through the system. Tailor made applications: a number of specially written applications programs, specific to BR problems can be installed on all local systems On-line access: The networked

micros can be used as on-line

central management informa-

Direct data entry (o central systems: To speed up data entry and reduce data collection costs payroll and accounts payable programs in the data centre have been modified. Local users input the relevant information through their micros and store it in a local disk memory. The information is then transmitted

evening or night. "By the end of the year," Mr Benz said, "there will be approximately 100 installed local area networks with about 1,000 workstations. In addition, there are about 2,500 microcomputers used in standalone and linked modes."

to the mainframe during the

Mr Benz concluded that direct financial justification for the system was difficult but achievebased on productivity gains in lopments years general administration resulting practical realisation.

ture minimises initial invest-ment because it can be adjusted

enhanced in step with increased demands and benefits.
"The adoption of an IBM compatible approach has been justified. The ability to switch between suppliers of major components has demonstrably led to cost savings of more than

He was not impressed with the provision of personal computing facilities for the casual user, calling it an expensive

But it has not led to signifi-cant waste, "The sight of unused terminals very quickly leads to personal embarrassment and to the speedy removal of the neglected device.

He had harsh things to say about the suppliers of inform tion technology, arguing that the IT industry was causing able. "Significant cost savings the IT industry was causing can be realised. The basic cost itself significant damage by justifications so far have been creating emphoriz about deveyears ahead

"Our greatest achievement put at our disposal. What is truly remarkable is that we retain our faith in the industry to meet initial local needs and in spite of the gap between wha can be delivered and what the marketing machine promises." And he did not believe that distributed computing was con-

tributing at present, at any rate, to the advent of the paperless office. "While it is true that the production costs of text have been greatly reduced, the ease and speed of distribution through fax, copiers, and so on, have been enormously en-

> "My own observation is that we are using more paper than ever before."
> The initial fascination with technology vanished very quickly he discovered. The

initial struggle with the semantics followed by a vague compre-hension of the complexities, neatly hidden by the jargon, drives most corporate users to concentrate on their practical of problems, he said.

بمرادنه كالزمم الزميم كارالمال الاسلامي القابضة

DAR AL-MAAL AL-ISLAMI TRUST **Notice of Annual General Meeting**

NOTICE IS HEREBY GIVEN to bearers and owners of Equity Participation Certificates of DAR AL-MAAL AL-ISLAMI TRUST, that the Fourth Annual General Meeting of the above Trust will take place at the Hotel Hilton in Istanbul, Turkey, on 30 Rabia at Awal 1406 A.H., corresponding to 12 December 1985 at 10.00 o'clock for the purpose of considering the matters in the following

- 1. To receive the Chairman's statement and the Report of the Board of Supervisors.

 2. To receive the Report of Religious Board.
- To receive the consolidated audited Financial Statements of Dar Al-Maal Al-Islami Trust for the financial year ended June
- 30th, 1985 and the Report of the Auditors thereon. To elect the Auditors for the next fiscal year.
 To re-elect the outgoing members of the Board of Supervisors or to elect any replacement members and to ratify the remuneration of Members of the Board of Supervisors.
- To declare distribution of dividends on the result of the financial year 1984/85.
- 7. To reconsider the deduction of Zakat. 8. Any other business.



Mohamed Al Falsal Al Saud

1. In accordance with article VIII, paragraph 5 of the Indenture of Trust, only Muslim individuals or legal entities controlled by Muslim individuals or Governments shall be entitled to exercise voting rights as bearers or owners of Equity Participation Certificates and the Board of Supervisors shall have the power to require an attestation of such from each person voting at the Annual General Meeting as a bearer or owner of Equity Participation Certificates or granting or exercising a proxy for such a bearer or owner. In the event that the Board of Supervisors sonable cause to believe that any such attestation is false, the Board of Supervisors may require such bearer or owner, or

proxy to furnish reasonable proof.

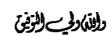
2. Display of an Equity Participation Certificate at the Annual General Meeting or of a signed attestation from a bank or one of the offices of any entities within Dar Al-Maal Al-Islami Trust Group rtifying that the bearer's or owner's Certificates are all held in safe custody with the bank or such DMI office shall entitle the bearer or the owner thereof to a number of votes equal to the number of Participations represented by each Certificate. A bearer or an owner entitled to attend and vote at the Annual

General Meeting is entitled to appoint a proxy, by way of proxy form with the under-mentioned text, to attend and vote on his behalf, but a bearer or an owner appointing a proxy must hand to the proxy temporarily all his Equity Participation Certificates or, in stead, the above-mentioned attestation from a bank or office together with the proxy form so that the proxy may present the Certificates or the attestations and the form at the Annual General Meeting. A proxy who does not present both such Certificates or tation and the proxy form will not be entitled to vote. 3. Subscribers to the Private and Rights Issues in the Second Issue of DMI Equity Participations will have the right to attend and vote, according to the relevant provisions of the indenture, in this Annual General Meeting of bearers and owners of DMI Trust Equity Participations. Subscribers who have not yet received their registered certificates by the time of this Annual General ing will be entitled to attend and vote at this Annual General Meeting by presenting the subscription form or confirmation of subscription or instalment forms showing the number of participations for which they have fully paid.

KNOW ALL MEN BY THESE PRESENTS that I, in my capacity as a Muslim bearer (owner) of Equity
Participation Certificates representing Equity
Participations in Dar Al-Maal Al-Islami Trust and as such entitled

Meeting of Oar Al-Maai Au-saum Trust to be near at the mount Hilton in Istanbul on December 12, 1985 and at any adjournment thereof. For such purpose, I will hand temporarily all the afore mentioned Equity Participation Certificates to my above appointed proxy together with this signed form, but with the sole objective that he or she may present them at the said Annual General Meeting on my behalf and the said proxy will sign a copy of this form as proof of receipt from me of the said Certificates and shall have the legal and moral obligation, sanctionable by legal action in the event of default, to return intact to me all the said Certificates after the Annual General Meeting shall have taken

place.
IN WITNESS WHEREOF, I have hereunto affixed my signature
1985

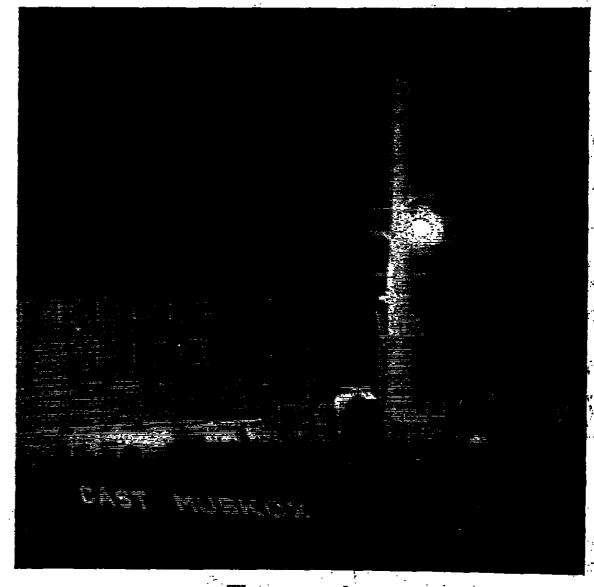


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29**

FT COMMERCIAL LAW REPORTS

Audio-copying declaration is refused

AMSTRAD CONSUMER ELEC-TROMCS PLC v THE BRITISH PHONOGRAPH INDUSTRY LTD Court of Appeal (Lord Justice Lawton, Lord Justice Slade and

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SYNTENS

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ALLEGATION NE

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In use to the la he total will too b e and of the year.) 16c 15 on (32)

on 01-439 1416

Lord Justice Glidewell): October 29 1985 ADVERTISING which draws attention to the fact that audio equipment is capable of copying pre-recorded cas-settes does not "authorise" purchasers of the equipment to commit breaches of copy-

right in the cassettes, nor expose the seller to liability for negligence; but such advertising could constitute unlawful incitement to infringe copyright triable not in the civil courts, but by prosecution. The Court of Appeal so held

when dismissing an appeal by Amstrad Consumer Electronics ple from Mr Justice Whitford's pic from Mr Justice wintors is refusal to make a declaration that its conduct in respect of the sale and promotion of audio-copying equipment was lawful. The respondent to the appeal, and defendant in the action, was the British Phonograph Industry 144 (RPI) an organisation set Ltd. (BPI), an organisation set no to protect the interests of the recording industry.

Section 1(2) of the Copyright

Act 1956 provides. "... the copyright in a work is infringed by any person who, not being the owner of the copyright, and without licence... authorises another person to do, any of the [acts restricted by the copy-right]."

infringing copies . . shall be guilty of an offence . . .

LORD JUSTICE LAWTON said that the activities of pirates and e copiers had caused huge losses to the owners of copyright losses to the owners of copyright in tape cassettes. About 77 per cent of the population owned audio machines, and a substantial proportion of them had at some time or other used them to copy pre-recorded cassettes.

A source of irritation and concern to the recording industry was the fact that some manufacturers of machines capable of facturers of machines capable of

copying pre-recorded cassettes had, by their advertisements and promotional material, invited attention to that capability.
One such manufacturer was Amstrad. It was reputable and had a large share of the market for randio machines. In about 1960 it manufactured and sold to retailers machines consisting of radio, gramophone and a tape recorder with "two cassette decks" which permitted users to

record from one tape to another.

It invited attention to that capability is advertisements.

That followed from a line of had been used to infringe copyright.

Cases starting with Townsend verified a new facility. It was possible infringing a patent to the man and a new facility. It was possible infringing a patent to the man to reproduce from one casette.

That followed from a line of had been used to infringe copyright.

As a matter of ordinary usage in the first marketing of English, Amstrad's marketing for some first machines could not be said for for for Janied were Howard to reproduce from one casette. Who is going to infringe st, even fringement by purchasers.

to another at twice the normal playback speed.

Amstrad took legal advice about its advertising and promotional literature. An advertisement for one model stated:

"Now you can record from

In Dunlop (1904) RPC 53, 274

Secondly, Mr Kentridge submitted, Amstrad had acted in breach of its duty of care to copyright owners.

No doubt the way in which purchasers used Amstrad's new playback speed. knows
Amstrad took legal advice fringe

"Now . . . you can record from any source and make copies of the tapes in half the time." An asterisk was put at the end "source" and at the bottom of the advertisement there was an asterisk followed in smallish type by: "The recording and playback of certain material may only be possible by permission.
Please refer to the Copyright
Act 1956. The Performers Protection Acts 1958-1972.
Market research showed that

the majority of potential pur-chasers belonged to the 16-25 age group and tended to be unskilled workers. No doubt nearly all those who read the advertise-ments and promotional literature would have understood them to used for copying pre-recorded cassettes.

The two Acts to which it referred. were most unlikely to be available to those who bought the machines. Also, the use of "certain material" would not have told them that if they copied a pre-recorded cassette bought from a shop, they would probably commit a criminal offence under section 21 (3) of the Copyright Act 1956, since "plate" in that sub-section included a matrix (see section 18(3))—which was what a pre-recorded cassette was.

On October 26 1984 BPI wrote to Amstrad, alleging it was acting unlawfully by reason of the way in which it advertised and were most unlikely to be avail-

Section 21(3): "Any person way in which it advertised and who ... makes or has in his possession a plate knowing that it is to be used for making to bring about infringements of convergence of the conver to bring about infringements of copyright. On October 30 it issued a writ averring that BPI had falsely accused it of acting unlawfully in the advertising and selling of its machines. It asked for a delaration that it

asked for a declaration that it had not acted unlawfully.

On the present appeal that was amended to a declaration that Amstrad was entitled to ofter for sale and sell and supply its audio equipment, and to use and pub-lish the promotional and instruc-tional materials, "without let or

hindrance " from the copyright There was ample evidence that Amstrad knew the uses to which buyers were likely to put the models and that it intended to upply the market with facilities copying pre-recorded

Mere knowledge on the part of the supplier of equipment that it would probably be used to infringe someone's copyright did not make the supply unlawful; nor did an intention to supply the market for such user.

In Dunlop (1904) RPC 53. 274 Lord Justice Vaughan-Williams stated that "the selling of an article intended to be used for the purpose of infringing a patent" was not an infringement

of the patent.

Dunlop was binding, Whether a supplier of goods was an infringer of a patent or a copyright would depend on the evidence; but mere supplying with knowledge and intent would not be enough to make the supplier enough to make the supplier an infringer or a joint tortfeasor with someone who was. Amstrad's supplying

therefore not an act of infringe-Mr Kentridge, for BPI, sub-

Mr Kentridge, for BPI, submitted that Amstrad's marketing activities were unlawful for three other reasons.

First, he submitted, Amstrad could be said to have "authorised" infringements. That contention was based on synonyms for "authorised" as it was used in the 1956 Act. [see section 1(2)] and the 1911 Act.

In Falcon [1926] 2 KB 474, 491 Lord Justice Bankes expressly appropried 491 Lord Justice Bankes expressly approved two earlier cases in which "authorise" was adjudged to mean "sanction, approve and countenance."

The High Court of Australia in Moorhouse v University of New South Wales [1976] RBC 151 adopted that construction.

The words "sanction" and "approve" might always have the

The words "sanction" and "approve" might always have the same meaning as "authorise." but it was doubtful that "country to the same meaning as "authorise." but it was doubtly that countenance" had. In so far as "countenance" included "condone," it was not accurate to say that anyone who considered an unlawful act authorised it.

unlawful act authorised it.

Lord Reid's admonition in Brutus v Cozens [1973] AC 854, 861 about the danger of using synonyms when construing statutory words was relevant.

In Viguent [1945] AC 108 one of the issues was whether the hirer to a restaurant proprietor of a gramophone which could be operated by customers, had "authorised" a public performance of a particular record.

Lord Russell said at page 123: "Vigneux... neither gave the Vigneux... neither gave the public performance... nor didthey authorise it. They had no control over the use of the

Amstrad was in the same post-Amstrad was in the same position as the hirer of the gramophone in Vigneuz. Once it had
sold its models (and it sold only
to the retail trade), it had no
control over how they were used.
Moorhouse was distinguishable
in that there the university was
in a position to control the
photo-copying machine which
had been used to infringe copyright.

purchasers used Amstrad's new models had and would cause huge losses to copyright owners.
That, bowever, did not make
Amstrad hable for the losses unless it had acted in breach of

suffered loss.
In Muirhead v Industrial
Tanks Specialities (CA July 31
1985) the Court of Appeal adjudged that Hability in negli-gence for pure economic loss not consequent upon physical damage to the plaintiff's person or property, did not arise unless there was close proximity between the parties or there had been real reliance by the plain-tiff on the defendant.

duty of care to those who had

In the present case there was no such close proximity or relino such close proximity or reliance. Amstrad marketed
machines which could be and
were used for lawful purposes.
What purchasers did with the
machines was outside Amstrad's
control. The decision in Mutrhead destroyed BPI's case based
on negigence.
Thirdly, Mr Kentridge submitted that Amstrad's advertisements and promotional litera-

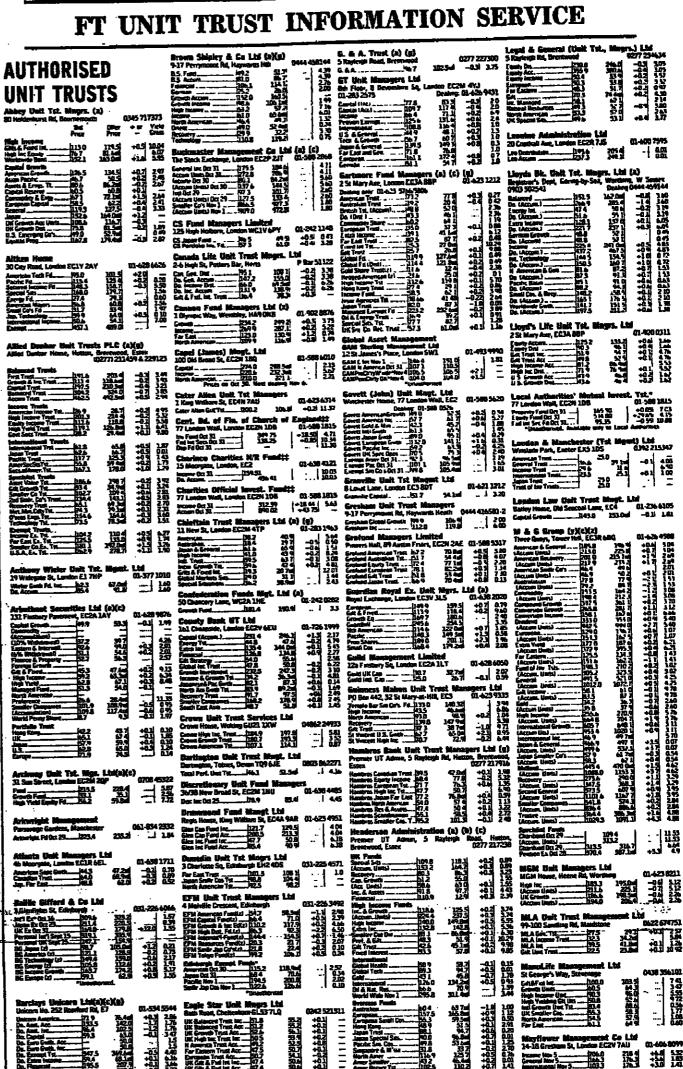
ments and promotional litera-ture provided evidence that it was inciting purchasers of its machines to commit offences contrary to section 21(3) of the

1956 Act.
Nearly all potential pur-chasers would understand the advertisements and promotional literature to mean that the machines could be used for copying pre-recorded cassettes. Putting out that material could amount to incitement to commit a crime: see Invicta Plastics (1976) RPR. 251 where the Divisional Court held that a company which advertised a device that could detect police radar traps was properly convicted of inciting people who read the advertisements to use unlicensed apparatus for wireundicensed apparatus for wireless telegraphy. It was neither nec

It was neither necessary nor proper to adjudge whether Amstrad had incited anyone to commit an offence contrary to section 21(3). In the event of anyone instituting criminal proceedings in respect of Amstrad's advertising activities, a finding by the present court would preby the present court would pre-judice the trial.

The appeal should be dis-

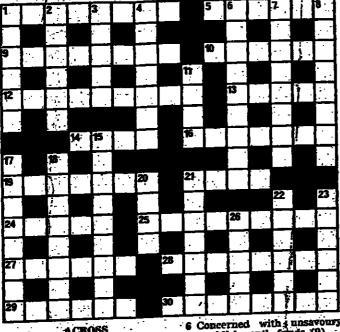
Lord Justice Slade and Lord Justice Glidewell gave concurr-Justice Gindeweil gave concurring judgments.
For BPI: Sydney Kentridge
OC and James Munby (Hamlin
Slove and Co.).
For Amstrad: G. W. Hobbs
(Herbert Smith and Co.).
By Rachel Davies



FINANCIAL TIMES CHANNEL ISLANDS SURVEY **DECEMBER 18 1985**

For further details, please contact: BRIAN HERON on 061-834 9381 TELEX 666813 FINANCIAL TIMES Europe's Business Newspaper

F.T. CROSSWORD PUZZLE No. 5,865



ACROSS What's art anyhow?— Capital investment, that's what 1 (5-3) 1 What's

5 Becoming a supporter with some hesitation (6)
9 Shown in action (8)
10 Back a relentless union (6) 12 She paints models as play-

actors (9)

13 Carol's after ladylike employment (5) 14 Pacify in a practical manner

19 The person eating less food dog (7) is more artful about decora-

shoot (9) 27 Lend a certain sparkle (6) 28 A song composed about a Dutch leader (8)

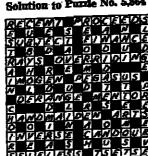
establishment's fands (9) Government head receiving servicemen - one before opening presentation (8) The defector agreed possibly about a point (8) 11 This island provided shelter

for a goddess (1) 15 Times in a church carpeting's needed (9)
17 Aim to pocket returned thank-you letter (8)

18 In-flight cabaret? (3-5) 20 A passion for new gear (4) 21 Stay in favour of support

being given (7)
22 Put one container inside another when not in use (6) 23 Engineers on this French ship get a break (6)

Absolutely perfect, thought the novice (5) Solution to Puzzle No. 5,864



APPOINTMENTS

Royal Insurance general manager

From January 1 Mr L L Rushton, currently managing director.
Royal Insurance (UK) Ltd, is appointed a general manager.
ROYAL INSURANCE PLC. It is also the intention of the board of Royal Insurance PLC to appoint Mr Rushton a director of the company from January 1.
Mr D. J. Warbrick will retire as a general manager of Royal Insurance PLC and will also resign as a director on Decemresign as a director on Decem-ber 31.

The CONSTRUCTION PLANT-The CONSTRUCTION PLANT-HURE ASSOCIATION has elected Mr R. Chaundy (managing direc-tor, Cox Plant Hire London) as president for 1985-86. He will take over from Mr Rounde G. Stuart (deputy chairman, Hew-den Stuart Group). Mr Ivor W. C. Kiddle (chairman and man-aging director. Ominto Crane and aging director. Quinto Crane and Plant), has been elected to take over from Mr Chaundy as chair-

Mr W. G. F. (Bill) Didham retired early as general manager of SONTHERNPRINT on October 31 aithough he remains on the board until the end of this year. He is succeeded by Mr Philip Ratcliff who was managing director of ITP. aging director of UTP.

Mr Den Stadden of Unilever has been elected chairman of the council of the AUDIT BUREAU OF CIRCULATIONS for the next two year period.

FOREIGN & COLONIAL has appointed her Hans Thykier as a director of Foreign & Colonial Management (Jersey). He was at American Express Bank as vice president private hanking

CENTROVINCIAL ESTATES has apointed Mr. H. A. S. Dianogly as non-executive director. He is deputy chairman and managing director of Vantona Viyella.

Mr Ted Butler has been appointed sales director of LEGEND DATA PRODUCTS. Mr Butler has been sales manager for three years. Mr Peter Bucher joins WAVERLEY ASSET MANAGE-

MENT as an executive director. He was an assistant director of Edinburgh Fund Managers where he was principally responsible for the Australian and Far East investment.

Mr Lee A. Barros has been appointed to the board of ROYAL DOULTON as commercial director. He will be responsible for wor. He will be responsible for assessing the commercial visbility of all new products and ventures, as well as the pricing of all company products. He joined Royal Doubton Canada Inc. in January 1977 as chief funncial officers. Inc. in January 1977 as chief financial officer. In 1981 Mr

Barros was elected to the board of Royal Doulton Canada Inc. and appointed vice president finance with additional responsibility for with additional responsionity for physical handling. He has now relinquished these positions on his transfer to the UK. Mr Barros was also been appointed to the board of Lawleys, Royal Doulton's retail division.

DELOITTE HASKINS & SELLS has appointed six partners in London and regional offices. The partners in London are Mr David Bennett, Mr Richard Buras and Mrs Betty Nicholson; while Mr Alastair Browne and Mr Arthur Henderson become partners in the firm's Bellast office, and Mrs Clare Bolton in Manchester. Mr Seiji Furue has been appointed executive director of Japanese

Mr R. Greenbury and Mr E. W. Mr R. Greenbary and mr E. W. Parker have been appointed as non - executive directors of METAL BOX. Mr Greenbury is joint managing director of Marks and Spencer, and Mr Parker is group chief executive of Trafalors. House gar. House.

Sir James Blyth has joined the board of THE PLESSEY CO. Sir James, formerly head of defence sales at the Ministry of also becomes managing director of Plessey Electronic

Mr L. A. W. Evans has resigned as a director of GRIND-LAYS BANK to pursue business interests in the Far East. His responsibilities in the investment banking divison and Grindlay Brandts have been assumed by Mr David Poole, who has been appointed a director of Grindlay Brandts. Mr Poole is chief executive of stockbrokers. Capel-Cure Myers, and will also become chief executive of ANZ Merchant Bank which, when it is formed in January 1986, will include the in January 1986, will include the investment banking activities of the Grindlays Bank Group and later the walls of Ganal Current later the whole of Capel-Cure

AEROSOLS INTERNATIONAL has appointed Mr Tony Dowsett production director.

Dr Gordon Marshall has been appointed to succeed Mr Basil E Gwyn, on his retirement, as chairman of the CEMENT AND CONCRETE ASSOCIATION from January 1 Dr Marshall will con tinue as deputy group managin' director of Blue Circle Indus:

Mr Roy Collett has beer appointed managing director of THE WELIN DAVIT ANI-ENGINEERING CO., a subsidier of F. H. Lloyd Holdings. He joins from NEI Clarke Chapmar where he was a director and control manager.

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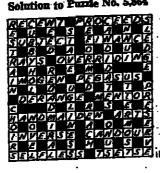
16 Got the children to hold the

21 Fixed in haste (4)
24 In the same place an oriental copper might be a writer (5)
25 Given a ring, meet maybe to

29 Able to bring parking into

30 Church dignitaries making reports on the quiet (8)

1 Has the essentials for presenting a case (6)
2 Mounted an attack about the beginning of September (6)
3 Western aid for the young 4 Welcome a small bill, right?



The Brook of the Control of the Cont

Dank of Scotland Money Market Cheque Account.

A FRIEND FOR THE

Jan 6 5:5 March 6 15 May 6 31 July 6 43 Sept 6 44 Oct 6 74 Jan 6 88 March 7 30 CHICAGO

LIVE CATTLE 40,000 lbs. cents/

114.00 113.00

Why the Agreement's creditors should try to stay out of court

ONE MUST hope that the tin crisis and the debts of the International Tin Council (ITC) will be settled without the assistance of lawyers. If not, the market is bound to remain in suspense for a long time and a number of awkward questions will be raised over the other commodity agreements drafted under the auspices and with the help of Unctad (the UN Committee on Trade and Developthe market is bound to remain in suspense for a long time and a number of awkward questions will be raised over the other commodity agreements drafted under the auspices and with the help of Unctad (the UN Com-mittee on Trade and Develop-

The reason is the the sixth Agreement is anything but a document drafted with the interests of creditors in mind. These now include half of the members of the London Metal Exchange. The huge amounts they will be owed by the ITC when the price of tin collapses is bound to reduce confidence in their credit-worthiness and so could paralyse the operation of the market. Banks are also heavily involved through their financing of traders and through direct finance provided to the ITC's buffer stock manager. Without further cash from the 22 member states, the buffer stock manager can obtain money only by selling tin. If he does so the price, so far held about one-third above the market clearing price, will collapse—according to some by 25 per cent but others fear that it may sink down to one-third this basis, at some 62,000 tonnes of the last support price. The in June 1985, which would be more tin from the buffer stock is sold to meet the debts, the greater these debts will become. Against this background one just first ask what obligations, if any, have the member states to provide cash to meet buffer stock deficits, and second, whether the ITC can be sued in English courts to ascertain and enforce its obligations to

and by government guarantees. In addition, the ITC used its powers under Article 26/2 "to substitute other arrangements." for the rules applying to the guarantees and undertakings. Some hope of such additions of the buffer stock acquired under the 5th American statements.

liquidation of the buffer stock acquired under the 5th Agreement (terminated in June 1982) and "froze" the stock of 24,517 tonnes. It is not quite clear from ment. This deals with the publicus wording of Article 26 of the 6th Agreement. This deals with the injuridation procedure and area. the outstanding stock or only operations should be apporagree alternative rules for its tioned to the member states liquidation. Giving it the benefit in accordance with the volume of doubt—which is justified as and duration of their contributhe member states did not pro-tions to the buffer stock, test—one can conclude that the whether in terms of tin or total authorised stock is 74.517 cash. Any deficit so appor-tioned should be deducted

stocks also any surplus of forment. Though nothing is said ward purchases over forward about what should happen if sales. One informed guess put the deficit is greater than the the total stock, calculated on refund due, it would make within the authorised limit.

If it is true that, as some reports have it, the ITC made additional forward purchases of

isation would be overstepped by some 53,000 tonnes, and member states should be able to claim that they never intended to enter into greater risks than those resulting from stock

totalling 74,517 tonnes.

Council up to the amount of their guarantees or under-takings. Nothing is said about

ment. This deals with the liquidation procedure and prothe nebulous wording of Article liquidation procedure and pro-26/2 whether the Council was vides that any deficit resulting authorised to continue to hold from the termination of the of Article 2 tin metal held tions due to the member state includes in addition to physical at the termination of the agreesense to assume that such net deficit, not covered by the refund, should be apportioned

Asked to comment on such interpretation of the Agreeit was a matter for the member governments to decide. He was unwilling to say whether the Council ever considered this traders and bankers.

To answer the first question,
it is necessary first to compare

totalling 74,517 tonnes.

Depending on the actual size official in Geneva who helped of the stock, it may be only a to draft the agreement refused

between member states in the

whether the ITC can be sued in English courts and some have already jumped to the conclusion that it cannot. The answer need not be so entirely

necative.

According to the Headquarters Agreement between the ITC and Her Majesty's Government the Council has a legal personality, capacity to contract, to acquire and dispose of property and to initiate legal proceedings. In other words any deals it makes are legal and make the Council liable. However, Article 8 of the Headquarters Agreement gives the Council immunity from

the Council immunity from jurisdiction and execution except when the Council has expressly waived such immunity. The ITC spokesman refused to say whether such a waiver is narrolly made in the waiver is normally made in the course of trading and when money is borrowed. Creditors can look up their contracts—it would be interesting to know how many insisted on such a waiver.

UK residents and UK regis-

tered companies are in a some-what better position as Article 23 obliges the ITC to include an arbitration clause in all contracts with them, except those concerning staff matters. In addition, paragraph c of Article 8 exempts from immunity the enforcement awards made in such private arbitration. However, the value of this provision is considerably reduced by the second paragraph of Article 8 which gives unrestricted immunity from judicial constraint (exaccidents) to all property and assets of the Council.

This makes it abundantly clear why one should not rely

Rubber buffer stock talks begin

THE 33-MEMBER International Natural Rubber Organisation (INRO) council of producers and consumers began a three day session here yesterday on buffer stock issues, reports Reuter from Kuala Lumpur. Delegates opened discussion

on the buffer stock manager's report on the state of Inro's estimated 370,000-tonne buffer Today the council is expected

to discuss the financing of Inro's contingency buffer stock of 150,000 tonnes, which comes into effect after the 400,000tonne normal buffer stock ceiling is reached. Consumers have already pledged to finance contingency stock purchases in cash, while producers have yet to disclose

how they intend to finance purchases, delegates said. Producers were expected to respond by the end of this session after studying an Inro sec-

The report indicated that banks preferred to provide

LONDON **MARKETS**

COFFEE prices tell back sharply on the London futures sharply on the London futures market yesterday reflecting and easing in Brazilian crop fears, which had been the main factor behind the recent strong rise. The January position, which gained \$205 a tonne last week ended the day £77.50 down at £1.915.50 a tonne. Heavy rains in the Brazilian coffee helt at the weekend confirmed the end of a damaging drought and at the same time there were the same time there were indications that the damage aiready done might not be as severe as some had feared. Some traders had suggested next year's erop would be down to between 16m and 18m bags (60 kilos each) but

18m hags (60 kilos each) but at the weekend the Brazilian Coffee institute estimated the 1986-87 crop at 19m-23m hags. The more bullishly inclined London traders were sceptical, however. They suggested the institute's figures were hased on a crops surpression. based on a crop survey carried out in September, before the major effects of the drought had been felt. LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close p.m. £ per t	, : <u> </u>	High/low
Cash	653.4	-2.5	681 674
3 months	677.8	-1	

Official closing (am): Cash 651.5-2 f663-5), three months 675-5 (684.5-5.5), settlement 652 (660.5), Final Kerb close: 680-1, Turnover: 19,050 tonnes

Higher grade	Unoffic'i close	+or	High: lo	w
Cash 3 months	950-1 972-5	- 0,5 -3,25	949 949 974 970	
Official cit (951-2), three settlement 94 973 5-4.5.	e months	971- 9	5 (9 73-5	ì.
 Cathodes Cash	21.5	 2,5		_

LEAD

	Unofficia close p.m. £ per t	. –		b lOw
Cash 3 months	265.5-6.5 171.75 2	- 3,5 -0,6		271
(266.5-7), .5), settle close: 271 Turnove	closing (three mon ment 254 -2, r: 8,525 to	ths 271.: (267). Annes.	255 Final US	(273- Kerb

NICKEL

	Unoffici .closeip.n £ per	High/low	
n entmo	2902-12 2921-20	2905 2965 2930 2865	

Official closing (am): Cash 2805-10 (2850-60), three months 2905-10 (2900-2), settlement 2810 (2860). Final Kerb close, 2915-20. Turnover: 984 tonnes.

High grade	Unofficiaj close (b.m.) . £ per (o	·—	High: low
Cash	398.9	8.5	→12,400
3 months	410-11	8	

Official closing (am): Cesh 390-1 (402-3), three months 402-3 (415-6), settlement 391 (403). Final Kerb close; 412-3. 412-3. Turnover: 13,700 tonnes. US Prima Wastern. 35.50-38.00 cents per pound.

GOLD

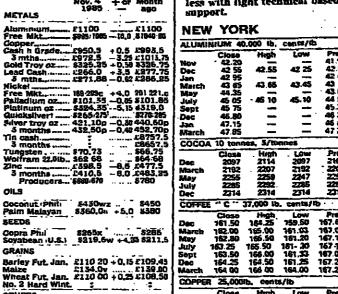
Gold rose \$1, an ounce from Fridey's close in the London bullion market yesterday to finish at \$325-3251. The metal opened at \$3251, 328 and traded between a high of \$3251, 3281, and a low of \$3244, 3251.

OLD BULLION (Hine	ounce) Nov. 4
ose 5325.3251g bening 53251g.326 ni'g fix. 5325.60 t'n'n fix 6325,36	(£2251: 226) (£236 226, (£225,407) (£225,969)
GOLD AND PLAT	INUM COINS

oz. Three months high 435, low 434. Final kerb high 436, low 434.

US MARKETS

GOLD and silver dritted lower on light selling linked to a steadier tone to the dollar and firmer Fed funds, reports Reinold Commodities. Copper and aluminium were slightly higher on the belief that the tin crisis on the LME was moving closer to a resolution. Sugar came under pressure on indications Brazil would meet export commitpressure on indications Brazil would meet export commitments despite the drought. Coffee registered sharp losses on reports of precipitation in the major Brazilian growing areas. Cocoa traded featureless on a lack of fresh news. Only light producer sales continued to support cotton values. Energy complex came under pressure from profit taking and the lack of fresh cash interest. The grain complex was steady to lower selling on expectation of better harvest weather. Suyabean complex was featureless with light technical based support.



INDICES

REUTERS

FINANCIAL TIMES

Nov. 1 Oct. 31 M'th ago Year ago 249.94 , 292.49 (Bess: July 1 1952=100)

Nov. 4 - Nov. I M'th ago Year ago

1735,9 1737,5 1706,2 1893,4 (Base: September 18 1931 = 100) DOW JONES

Dow Nov. Oct. Month Year Jones 1 31 ago ago

Spot 118.51 117.90 - 125.45 Fut. 122.37 121.09 - 126.69

(Base: December 37 1931 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

Futures opened unchanged and remained confined to a £9 range. Some manufacturers inquiry was in evidence but actuals were generally quiet, reports Gill and Duffus Limited.

COCOA	Yesterday's Close +	or Business
	£ per tonne	DOUG
Jac	1659 1660	- , 1665-1655
March	1703 1705 +	2.5 1706 1697
MATEUR	1730 1731 + 1754-1755 +	9'D 128 148
Seat	1776 1777	14.5 1775 1773
Jec	1770 1771 +	3.8 1779 1765
War	_ 1775-1786 '-	1.8 · —
Sales:	1,185 (2,565)	lots of 10

With reports from Brazil of heavy rains over the weekend and Brazilian crop estimates of \$19-24m, London came under heavy Commission House solling, losing £30 from the previous close. With New York opening, London made further losses, with lows of £106 below Friday's close. The market Conneued to trade erraincally for the rest of the session closing down on the day, reports Drexel, Burnham, Lambert.

COFFEE Yesterdy's + or Business Done

1870-1838 + 30,0 1868-1845 1912-1816 - 79.5 1938-1885 1922-1922 - 89,0 1882-1899 1942-1935 - 69,0 1938-1915 1945-1945 - 17.5 1939-1845 1980-1986 - 50,0 2881-1970 1960-2028 - 55,0 1985 Sales: 10,000 (10,178) lots of 5

tonnes.
ICO indicator prices (US cents per pound) for Nov 4: Comp. daily 1979 147 30 (141.50); 15-day average 130.33

FREIGHT FUTURES

The market opened slightly firmer in thin conditions due to pre-market reports of higher physical levels. The Baltic Freight Index equivalents were shown, however, to be unchanged, resulting in the market drifting back to close at around last Finday's closing levels, reports Clarkson Wolff. The Baltic Freigh Index was \$10.0 up 3.5 points.

Close High/Low Prev. Jan. 910/909 914,5:910 910/908 April 960/958 980 956/953 July 866/850 860 870/850 Oct. 935/930 935 936/937 Jan. 950/941 951 1059/950 April 1055/1000 1055/1025 Oct. 1080/559 1056/1000 Turnover: 28 (28).

Both wheat and barley markets made steady progress to reach new controot highs with lack to original offers and good export and of intervention statistics helping to maintain gains. Trade was quest but market closed on a steady note, reports Muirpace.

Nov... 107.55 +0.56 107.40 +0.15 Jan... 110.00 +0.25 110.20 +0.15 Mar... 112.56 +0.25 112.96 +0.25 May... 115.50 +0.25 115.00 +0.10 July. 118.30 +0.25 Sept. 97.00 -0.16 97.35 -

80.05 75.90 73.20 72.30 72.00

High 87.10 88.65 85.10

330.9 334.5 338.9 343.7 352.3 357.0 363.5 369.8 374.5

CRUDE OIL (LIGHT) 42,000 US gallone, S/barrel

April June Aug Oec Feb April June Aug

The market opened 40p-£1 higher following heavy weakend frosts giving nee to fears of damage to crop still unlifted. Clearance figures released week in arrears thus extent of possible damage so far difficult to assess. After an initial rally the market drifted back to unchanged on distant positions in very thin volume, with selling resistance groded by close, reports Colay and Harper.

Yesterday's Previous Business Month glose close done

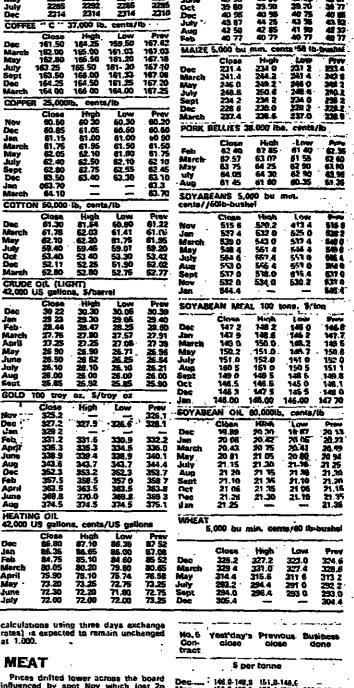
£ per tonne

£ per tonne Sales: 134 (316) lots of 40 tonnes.

SOYABEAN MEAL The market opened 50p higher in dull trading, reports T. G. Roddick, Prices remained steady through strong currency closing with small gains.

Sales: 83 (846) lots of 20 tonnes.

LONDON DAILY PRICE—Row sugar \$144.50 (£100.00): ug \$7.50 (up \$0p) a tonne for November-December delivery. Whate sugar \$178.50, up \$2.50. Fresh buying from Commission Houses enabled the market to hold onto the pre-weekend gains, reports C. Czernikow.



CRUDE OIL-FOB (8 per barrel)-Nov.

tively quiet start yesterday. Only 129 lots of 1,000 barrels were traded in the Brent blend contract launched by the International Petroleum Ex-

LONDON'S NEW crude oil

futures market got off to arela-

Slow start for

oil futures

By Our Commodities Staff

revamped crude

change but Mr Michael Bowers the exchange's chief executive described this as "an encourag-ing start." He said the low volume level and narrow price range's yesterday reflected very quiet conditions on the physical market. The tin crisis, which is casting a shadow over all London commodity markets, will not

ing in the spring of 1984.

TEA prices were generally little changed at yesterday's weekly London auction. Quality interest in the Faro mine to a and medium grades both new company headed by Mr Clifford Frame, former president of Denison Mines, the kilo respectively, while low medium grade was 2p dearer at 104p a kilo. There were at 104p a kilo. There we

WHEN I drove through Northern England to Scotland in mid-October the fine weather

we had enjoyed in the South

was creeping up with me, en-abling farmers to clear up their

harvests and make a start on sowing next season's crops. On my way South last week, I saw just one combine harvester still

at work on high ground in the Scottish borders and most of the

straw was baled and carted. Farmers have made great

efforts to conserve more winter feed and on almost every farm

there were stacks of huge black polythene bags into which hay

baled green wer inserted in the belief that it would be preserved

as silage. This technique is be-

coming common in the south of

material is young and properly wilted. For later cuts no amount

of shrouding will improve the quality. In some cases it could even spoil the fodder further.

mess into which their hay fields were battered by the appalling late summer weather. So eager were they that at one time these

even spoil the fodder further.

Farmers have had to try to salvage something from the mess into which their hay fields were battered by the appalling better than I had ever seen better than I had ever seen the seen the

late summer weather. So eager were they that at one time these bags were unobtainable and farmers were reported to have come to blows at distributors' premises. In many areas of the north and the west farmers have made no hay and the silage they had secured earlier was too wet to be adequate feed. The dry weather of the last few weeks has at least enabled them to make use of their passures. In the dry weather of the last few weeks has at least enabled them to make use of their passures.

to make use of their pastures, farmers are hopeful that the which were previously being Minister of Agriculture's men-

trodden into quagmires.

This has led to an extravagant demand for hay and straw which can only be supplied which can only be supplied from the east and south of make it in the difficult areas.

Yukon mine plan angers Canadian zinc producers

CANADA'S ESTABLISHED

zinc producers have launched a strong protest against government plans to provide financial Local business and government. Faco zinc-lead mine in the Yukon. The mine, which accounted for 3 per cent of the west's zinc output in the late 1970s, is scheduled to resume operations. by mid-1986 for operations by mid-1986. Its annual production capacity is about 300,000 tonnes of zinc and 200,000 tonnes of lead.

Noranda and Cominco, the two largest producers, have substantial over-capacity in world zinc markets. Noranda of 1986. lowered its metal price outside The new contract replaces
North America last week from that failed and ceased trad38 to 35 US cents a pound.

30.792 packages on offer invluding 1,600 in the offshore section.

Farmer's

viewpoint:

by **John**

Cherrington

England and those who use it tell me that it works well if the port costs to the consuming cattle to fatten from the hills

areas. One farmer told me that

it cost more to bring his hay north from Somerset to Wes-tern Scotland than it cost him

to buy.

It is ironical that the cattle

England. There was even Canadian hay being offered in some economic effects already, in these areas has been towards
Grangemouth at £150 a tonne to

I was told that the lowland improving the grazing quality
which must be added the trans-

Faro mine is a mainstay of Local business and government leaders have pressed strongly for a rescue package to help alleviate unemployment in the territory.

The severe weakening in the price of zinc has resulted in Canada's Corporation Falconbridge Copper (CFC) suspending the development of its C\$52.5m (£26.7m) underground Winston Lake mine near Schrieber in north-western voiced strong opposition to the Ontario, writes Kenneth Mar-reopening of Faro at a time of ston, mining editor. It was due substantial over-capacity in to reach production by the end

The debt-laden Calgary Oil
Company Dome Petroleum

have been nothing like such keen buyers as usual with the result that the traditional beef

In theory things should not

crossbreds have been much cheaper to buy.

be too desperate. Although hay

and silage is scarce there is a surplus of grain in the country

at prices less than some farmers are paying for hay. The

farmers are paying for hay. The problem is that ruminant animals need roughage to keep their rumins working and that is usually provided by hay, even poor quality hay. One hill harmer of my acquaintance told me that he had bought no hay for some years. He fed them cereals alone and left them to forage for the roughage on the hills where there

age on the hills where there was heather, coarse grass and even reeds and rushes, which they would ear when they had finished their corn.

+5.225 to 212.025

+2,075 to 196,350 +2,925 to 46,275 -1,056 to 4,272 +905 to 38,695 -525 to 39,150

+32,000 to 53,694,000

retariat report

loans to producers on government guarantees rather than on rubber stock warrants by them in the Inro buffer stock.

Hay making dissolves into a mess the heather and other rough-ages are gradually eliminated. Heather is a good feed for hill sheep but it needs very careful

management in cyclical burn-ing and controlled grazing which is too slow for the There are those who claim that the poorer lands in Britain should not be farmed at all but devoted to amenity or to forestry. But whether this would provide an economy which could support a rural community of any size is ques-

The Crofting Act of the last century, which envisaged small-holders with a little land, some hill grazing and fishing to eke out their incomes, was one attempt to solve this problem.
But it did not really work because the holdings were too small and the land too poor.
Generaly these days the crofts look a mess and the crofters themselves often sell their houses as holiday homes.

I did find one successful crofting area, however. I met the contented young wife of a crofter on St Colomba's island of Iona. The individual crofts were well fenced with stone walls or good postern wire. Their grassland between the rock outcomes was a good as rock outerops was as good as anything I have seen in Scotland. Their oat crop had been safely gathered in without harm and the last of the hay was being baled that day.

age on the hills where there was heather, coarse grass and even reeds and rushes, which they would ear when they had finished their corn.

This would seem to be a sensible approach but the problem is that the tendency believed her. But like her hushand see had been herr to it. band she had been born to it, and had never wanted what we would call economic progress.

9

SILVER

SILVER Buillon '+ or LM.E. + or per Fixing - p.m. unoffic'i

COTTON

LIVERPOOL—Spot and shipment sales for the week commencing October 28 totalled 1,512 tonnes compared with 1,816 tonnes in the previous week A good deal of activity was snoountered including Australian, Israeli, Spenish. West African, American, Pakistani, Chinese, Colombier, Brazilien, Ruscian and Gustamalan varioties.

The state of the s

GRAINS

Yesterd'ys + or Yesterdys + or close - close -

July 118,30 +0.26.

Business done—Whest: Nov 107.55-7.40, Jan 110,00-9.85, Merch 112.70-7.40, Jan 110,00-9.85, Merch 112.70-7.55, May 115,60-5.35, July 118,30 only. Sept. 97.00 only. Selss: 122 lots of 100 tonnes. Barkey: Nov 107.55-7.40, Jan 110,20 only, March 112.90-2.85, May 115,00-4.95, Sept untrided. Selss: 68 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent Dec 134.25, Jan 137, Feb 139.75, transshipment east coust. US No 2 soft red winter Nov 116.25, Dec 117.35, Jan 118, Feb 118.35. EC French Nov 125. English Feed fob Nov 110-112 buyer/seller, Boaton Nov 111 seller. Colchester Dec 112-12.50, Jan 112,75-13 50, Jan/Mar 114-114.75, Apr/Jun 118.00-118.75 buyer/sellers east coast. Meize: US No 3 yellow/french transshipment east coast Nov 110 buyer, Dec 113 seller, Jan 114.50 seller, Jan/Mar 115.50-116 buyer/sellers east coast. Rest unquied.

HGCA—Hertwith today's focational surfarm spot orices. Milling Wheat: Eastern 105.60; Feed Wheat: Eastern 105.50; Feed Barley: Eastern 105.50; Feed Barley: Eastern 103.30. E Mids 108.20, N East 107.20, Scotland 102.80. The UK monetary coefficient for the week beginning Monday November 11 (bused on HGCA

85.70 84.60 80.20 79.60 76.10 75.74 73.26 72.75 72.20 71.80 72.00 72.00

Sales: 3.190 (3.936) lots of tonnes.

Tate & Lyle dolivery price to tonnes.

Sales: 3.190 (3.936) lots of tonnes.

Tate & Lyle dolivery price to tonnes.

Tate & Lyle dolivery price to

PRODUCTS—North West Europe Prompt delivery cif (\$ per tounc)

GAS OIL FUTURES

UK

MONEY

1 gales 27

CURRENCIES, MONEY and CAPITAL MARKETS

FUTURES AND

OPTIONS

Prices

CURRENCY FUTURES

STERLING £25,000 \$ per £

80.4 80.4 80.4

IMM -STERLING Se per E

LIFFE-DEUTCSHE MARKS DM125,000 \$ per DM

Ciose Hi
Dec 0.3854 0.38
March 0.3894 0.38
June 0.3924
Est Volume 81 (3)

10.00 am

FOREIGN EXCHANGES

Dollar continues to fall

The dollar closed at its lowest level since March 1985 against touched a low of DM 2.5835. The Japanese yen yesterday, Against the yen it finished at yell as the yen, while showing trai bank intervention. Comments hy Mr Karl Otto Poehl that the Bundesbank was not contemplating a rise in West German interest rates to match a recent rise in Japanese rates and that there was no formal agreement. hy Mr. Karl Otto Poehl that the Bundesbank was not contemplating a rise in West German interest rates to match a recent rise in Japanese rates and that there was no formal agreement between the G5 banks on interest rate policy appeared to have little initial effect on the market.

 $i_{t_{\alpha,\alpha}}$

 $(1, n, \alpha) = \frac{1}{n \cdot 35}$

The property of the property o

10m L

715.6

e et in Mari

The dollar did recover from the day's lows but the overall tone remained bearish. In additone remained bearish. In addition to the threat of central bank intervention, there were growing fears that the US authorities would soon reduce interest rates especially if revised GNP figures showed the economy to be growing at a slower rate. Dealers also noted this week's meeting of the Federal open market committee but tended to agree that a cut in the US discount rate was more likely to occur towards the end of the year.

Day's taread 1.4455 1 1.9578-1.8288 1 d. 4.204-4.23 m 75.60-75.90 ark 13.54-13.60 d 1.2083-1.2128 ior. 3.734-3.76 pai 211-235-1.30 c 11.38-11.43 den 11.24-11.29 in 259-2594 trie 28.24-25.32 t. 3.054-3.05 Belgian rate is Six-month forwar

POUND SPOT-FORWARD AGAINST POUND

DOLLAR SPOT -- FORWARD AGAINST DOLLAR

Nov. 4 . & . DM YEN | F Fr. | S Fr. | H Fl. | Lim | CS , B Fr.

Close One month p.s. months p.s. p.s. months p.s. mont

Nov. 4 Prev. close E Spot | \$1.4395 4405 5 1.4435 4435 | 1 month | 0.45-0.43 pm | 0.44-0.43 pm | 1.30-1.27 pm | 12months | 1.28-1.24 pm | 1.30-1.27 pm | 12months | 3.80-3.70 pm | 4.05-5.95 pm | remiums and discou to the U.S. dollar

it slipped to FFr 7.9125 from FFr 7.9425. On Bank of England figures, the dollar's exchange rate index fell from 129.4 to 129.0.

p.a. months
3.46 1.22-1.18pm
1.71 0.75-0.50pm
-0.57 0.15-0.20dis
1.83 1.37-1.34pm
-0.57 7-10dis
-1.12 12-24dis
3.31 2.10-2.05pm
-15.79 450-1050d
-4.52 210-280dis
-5.74 24-25dis
-4.22 82-9dis
-1.37 3.30-3.60d
-6.82 124-124-dis
0.81 0.21-0.17pm
2.22 107-8pm
-2.22 107-8pm
-1.22 107-8pm

11 & 11 & 84 & 83 818 9 & 512 & 64 444 44

up just 5 points from Friday, but eased to DM 3.7400 from DM 3.7525 and Y299.25 compared with Y300.75. Elsewhere it fell to SFr 3.0775 from SFr 3.08 and FFr 11.4000 from FFr 11.4425. D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.5960. October average 2.6443. Exchange rate index 128.2 compared with 119.7 six months

rates especially if revised GNP fer 7.9425. On Bank of England figures showed the economy to be growing at a slower rate. Dealers—also noted this week's meeting of the Federal open market: committee but tended to agree that a cut in the US discount rate was more likely to occur towards the end of the year.

The dollar closed at DM 2.5960 against the D-mark, its worst closing level since March 1984 and well down from 2.6050 on

CURRENCY MOVEMENTS

Morgan Guaranty changes: average

CURRENCY RATES

(base average 1975=100).

OTHER CURRENCIES

£ 1, 1.441 3.740 298.3 11.40 3.078 4.220 2522 1.974 75.66 8 0.694 1 3.696 207.8 7.913 2.136 2.928 1750 1.570 58.50 DM 0.267 0.585 1. 80.01 3.045 0.822 1.186 674.3 0.526 20.25 YEN 3.342 4.815 18.50 1000 38.10 10.28 14.10 6427 6.688 252.5 0.325 0.468 1.815, 97.24 3.704 1 1.871 619.4 0.642 24.58 0.237 0.241 0.886 70.91 2.701 0.729 1. 597.6 0.468 17.93 0.297 0.571 1.485 118.7 4.521 1.820 1.673 1000 0.783 80:00

EMS EUROPEAN CURRENCY UNIT RATES

2.20872 6.73214

MONEY MARKETS

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES

UK rates little changed

Trading was rather quiet and uneventful in the London money market yesterday. Three-month interbank money was quoted at 11½-11½ per cent, fifsm of Treasury bills and 2554m of eligible bank bills in band 2 at 11½ per cent. In band 2 at 11½ per cent. In band 2 at 11½ per cent. In band 3 it bought £21m of eligible bank bills and 21 bend 4 £28m of local authority bills and £78m of eligible bank bills at 11½ per cent and bank bills and £78m of eligible bank bills and £78m of eligible bank bills at 11½ per cent and bank bills and £78m of eligible bank bills at 11½ per cent and bank bills at 11½ per cent and bank bills at 11½ per cent and bank bills in band 2 at 11½ per cent. In band 2 at 11½ per cent and bank bills in band 2 at 11½ per cent and bank bills in band 2 at 11½ per cent. In band 2 at 11½ per cent and bank bills at 11½ per cent an

The Bank of England forecast shortage of around £700m with a shortage of around £700m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £1,001m and the unwinding of previous sale and repurchase agreements a further £317m. In addition banks brought forward balances £155m below target. These were partly offset by Exchequer transaction which added £465m and a fall in the note circulation of £330m.

The Bank gave assistance in the morning of £164m through burchases of £3m of eligible bank bills in band 1 at 115 per cent, £101m in band 2 at 1154 per £28m in hand 3 at 115 per cent, £25m in band 3 at 114 per cent and £35m in band 4 at 11th per cent

The Bank gave assistance in 10 year the afternoon of £438m compris-

rate for its latest temporary facility to commercial banks as

NEW YORK RATES (Lunchtime)

MONEY RATES

ing purchases of \$42m of eligible bank bills in band 1 at 11½ per cent, £15m of Treasury bills and £254m of eligible bank bills in band 2 at 11½ per cent. In band 3 it bought £21m of eligible bank bills at 11½ per cent and in band 4 £28m of local authority bills and £78m of eligible bank bills all at 11½ per cent. Late assistance came to £75m, making UK clearing banks base lending rate 11½ per cent since July 30 amounced terms of a two tranche repurchase facility, designed to inject further liquidity into the money market. The shorter facility—with a life of 28 days—carries a rate of 4.55 per cent and the longer 63 day agreement 4.65 per cent. Results of the tender will be made known today and funds allocated tomorrow, coinciding with a maturing DM 11.8bn two

FT LONDON INTERBANK FIXING

(11,00 a.m. Nov. 4) Three months U.S. dollars bld: 7 15/16 . offer 8 1/16 five reference banks at 11 s.m. each working day. The banks are National Westminater Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale da

LONDON MONEY RATES

Treasury Bills (sell): one-month 11½, per cent: three-months 11½, per cent. Sank Bills (sell): one-month 11½, per cent: three-months 11½, per cent. Treasury Bills: Average bender rate of discount 11.1373 per cent. EGGD Fixed Finance IV: September 4 to October ? (inclusive): 11.597 per cent. Local authorny and Finance Houses Base Rate 12 per cent from November 1 1885, Bank Deposit Rates for sums at seven days' flocide 6.28-8.625 per cent (net). Certificates of Tax Deposits Genet 8): Deposits £100,000 and over held under one month 11½ per cent; cents one-three months 11½ per cent; three-six months 11½ per cent; cents one-three months 11½ per cent; three-six months 11½ per cen

81. \$100,000 32nds of 100% LONDON Oec 78-21 78-26 78-13 78-24 March 77-10 77-14 77-06 77-12 Est. Volume 2,586 (8,631) Previous day's open int. 4,667 (3,960) 20-YEAR 12", NOTIONAL GILT 250,000 32Nds of 100". Dec 113-01 113-14 112-29 113-07

March 113-02 113-16 113-05

Sept 112-03 — 112-09

Dec 112-03 — 112-09

Est. Volume 3,101 (3,027)

Previous day's open int. 5,203 (5,185)

Basis quote (clean cash price of 13'2's

Tressury 2004/08 less equivelent price of near futures contract) — 6 to +4 (32nds). CHICAGO U.S. TREASURY BONDS (CBT) ear cean price of 137%
408 less equivalent
futures contract) —6 to
March
June
Sept
Dec
High Low Prev
98-04 97-58 98-00 March
June
2 (747) Gilts commanded the most attention on the London International Financial Futures Exchange, in otherwise feature. Close High Low Previous 98-00 98-04 97-58 98-00 Mayon 38-13 98-13 98-13 Previous day's open int. 1,647 (1,713) exchange, in otherwise feature-less trading yesterday. The December long gilt opened firm at 113-09, and met with buying interest from jobbers. The early strength of sterling against the dollar pushed the contract to a peak of 113-14. Later weakness followed a slight trimming of the Government propers price, in THREE-MONTH STERLING the Government brokers price, to sell tap stock in the cash market. This, coupled with a weaker pound and a decline in US Treasury bond prices, took long gift futures down to a low of 112-29, before closing at 113-01, compared with 113-07 previously. previously.
Short gilt futures remained quiet, with December delivery finishing unchanged at 98-00. 02.03 91.83 91,14 90,44 90,13 89,86 March 1.84 1.37 0.83 0.56 0.28 0.27

quiet, with December delivery finishing unchanged at 98-00.

Three-month sterling deposit futures also drifted almiessly, rising to a peak of 88-80 on the strength of the pound, but falling back, partly on profit taking, to a low of 88-53. The contract closed unchanged at 88-55.

Dollar denominated contracts were dull, suffering from a lack of market moving news. No major US economic statistics are due for publication until November 14, and this week's MI money supply figures are not expected to show much change. The Federal Open Market Committee meets this week and dealers will keep a close watch on the Federal funds rate, to see whether there is any sign of an easing in monetary policy by the US central bank. With M1 still above target an imminent rut in the Fed's discount rate is not expected, but dealers suggested it may occur before the end of the year, as part of the measures designed to weaken the dollar. Three-month Eurodollars for December began at the day's high of 92.06, and met with selling, taking the contract down to a low of 92.00. LIFFE E/S OPTIONS E25,000 (cents per £1) March 23,89 18,89 13,89 9,42 6,31 3,56 2,33 March 0.16 0.46 1.12 2.32 4.21 6.86 10.23 A ... Dec 0.00 0.00 0.01 0.17 1.00 3.26 7.06 LONDON SE E/S OPTIONS E12,500 (conta per E1) vits--Li March 0.30 0.50 1.10 2.30 4.00 5.70 9.90 Dec 0.10 0.15 0.20 0.25 1.10 3.25 7.20 June 0,70 1,30 2,40 4,00 5,50 8,40 12,00 Spot 1-mith. 3-mith. 8-mith. 12-mith. 1.4410 1.4369 1.4290 1.4183 1.4083 Latest High Low Prev 1,4336 7,4380 1,4295 1,4376 1,4220 1,4286 7,4190 1,4256 1,4135 1,4140 1,4090 1,4156 Close High Low Prev 1.4330 1.4380 1.4330 1.4305 1.4210 — 1.4185 1.4115 — 1.4090 plume 52 (86) — 1.4090 Close High Low Previous 1.4330 1.4390 1.4300 1.4300 1.4300 1.4305 March 1.4210 — 1.4185 June 1.4115 — 1.4090 Est. Volume 52 (86) Previous day's open int. 3,930 (3.898)

2.00 4.05

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ART GALLERIES

CLUBS EVE has outlived the others becausely of fair play and value for Supper from 10-3.30 am. Disco

E WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on November 4, 1985. In some cases rate is nominal. Market rates are the average of buying and telling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar partites and going sterling-dollar rates; (T) tourist rate; (Bs) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

			COUNTRY	CURRENCY	VALUE OF	COUNTRY	GURRENCY	
COUNTRY	CURRENCY	VALUE OF & STERLING		CORRESCT	£ STERLING			A STEATING
Afghanistan	Afghan)	99.00	Greenland	Danish Kroner	13,5625	PeruPhilippines	Sol	exe(A)20,058.7
Albania	Lak-	10.09 (A:7.02	Grenada	E, Caribbean #	3.89 11,4000	Piecei del est	rnuippine Pesa	26.05
Algerez	Franch Franc Spanish Poseta	11,4000	GUAM	U.S. N	1,4410 1,4410	Pitcaim Islands	New Zealand S	2,4750
Angels	Spanish Posta	229,86 43,0645	Guatemaia	SAII STAT	33.21	Poland	Zlotv	214.54 :
Antiqua	E. Caribbean 8	3.89	Guines-Bises	Peso	245.92	ł		
Antigua	Austral	1,1508	Guyana	Guyanese S	5,9890	Portugal Puarto Rico	Portuguese Escudo U.S. s	233.73 1.4410
Australia	Australian \$ Schilling Portuga'se Escudo Ba, Dollar	2.1175 26.3050	Haiti	Gourde	7.21	ì		
AZOFGS	Portuga'se Escudo	233.75	Honduras	Lempira H.K. S	2.89 11.2150	Qatar		5,2430
Bahamas	Ba, Dollar	1.4410 0,5430	I			Reunion Island	French Franc	11.4000
Bahrain	Spa Peseta	229,56	Hungary		69,6350	Romania	Leu	((Cm) 5,88 ((N/C) 16,47
Bangladesh	Taka Rerbados Š	42.55 2.9015	india	L Krona	59,7235	Rwanda		138,15
Beiglum	D. Strang	((cm) 75.65	Indonésia	ing. rupes Rupish	17,10 1,618,49 183,40,49	l		_ -
		((cm) 75.65 ((n) 76.40 2.89			125,40(sg) 0.4485	St. Christopher St. Helena	E. Caribbean S	3.69 1.0
Bermuda	C.F.A. Franc	570. 0	irag	irish £	1 2002	l St Lircia	East Carribaan S	3.89
Bermida	Bda \$	1,4410 17,10	STRE	Shekel	2,144.0	I St. Pierre	Local Franc	11,4000 3.89
Bolivia		(c) 108,187,5	Ivory Coast	C.F.A. Franc	2,144.0 2,521.75 570.0	St. Vincent Samoa American .	11.51 ×	1.4410 -
		9 04	Jamaica	lamaica Dollar	9,00(ag) 299,25	San Marino Sao Tome & Prin.	Italian Lira	2,521,75 60.88
Brazil	Cruzeiro#	12,317.0 1,4410	danan	Yen	299,25 0,5390	l		
Brazil Brit. Virgin Isles	D.S. \$		Jordan	·	0.5590	Saudi Arabia	Saudi Ryal	5.2523 570.0
Brunei	Brunel \$	3.0483	Kampuchea	Riel	N/A 23.63	Senegal Seychciles	S. Rupee	9.6n
Buigaria	C.F.A. Franc	1,4280 570.0	Kenye Kiribati Korea (Nth) Korea (Sth)	Kenya Saming Australian S	23.55 2.1175	Sierra Leone	Leone	(0) 7.60 5.0483
Rurms	Kvat	11.0000	Korea (Nth)	Won	2.1175 1.36	Singapore	Spinmon is 2	2.2381
Burundl,	Burtindi Frans	164.05	Kuwait	Won Kuwaiti Dinar	1,286,58 0,4210	Someli Republic	Somali Shilling	52.80 3.7140
Cameroon	C.F.A. Franc	570,0	,		50.49	Snain	Paceta	229,86
Canada	Canadian # Scanish Peseta	1.9744 229.86	Lebanon	New Kip Lebanese £	23.62	Spenish ports in North Africa Sri Lanka		229.86
Cape Verde Is	Cape V. Escudo	128,77	I LESULYON	MESILITI	3.7190	Sti Lanka	S. L. Rupee	59.00 .
Cayman Islands	Cay, is \$	1,2045 570,0	Liberia,	Liberian S	1,4410 0,4270	j Sucan Hepublic	5UG <u>a</u> n 4	3,61
Chad	C.F.A. Franc	570.0	Liechtenstein	Swiss Franc	8,0775	Surinam Swaziland	Lilangeni	2.57 3.7140 '11.2500
Ohile	Chilean Peso	259,03 4,6211	Luxembourg	Lux Franc	75,65	Sweden Switzerland	8. Krona	11,2600
Colombia	Col. Peso	(F)232.52	ļ_ <u>.</u>					3.0775 (A) (71 9.0 (CM) 5.66
Canary Islands Cape Verde is Cayman Islands Cent. Afr. Republic China China Colombia Comoro Islands Congo (Brazzyllje)	C.F.A. Franc	570,0 570.0	Macao	Pataga Booksovere Esperie	11.69 233.75	Syria	Syrian #	(CM) 5.66
		310,0	Madeira	MG Franc	770.86 2,4830	Telwan	New Yakwan S	57.83
Costa RicaCuba	Colon	(U) 75,66 1,5430	Malawi	Kwacka	2,4230 3,5218	Tanzania	Ten. Shiiling	23.75
Сургиз ининитити	CYDFUS &	0,8025	•	Ruffwaa	-	Thelland	C.E A. Evano	37,35 570.0
		(com) 9,25	Maldive Islands Mail Republic		10.17 670.0	Tonga islands Trinidad Tunisia	Pa'anga	2.1175 .
Czechosłovakia		n/o 16.10 15,66] Marks	Mattaca I ive	0.6260	Trinidad	Trinidad & Tob F	3.47 1.1200(sq)
Denmark	Danish Kroner	13,5625	Martinique	Lengt Front	11.4000	Turkey	Turkish Lira	795,82
Denmark Djibouti, Dominica	Dilibouti Franc	250.0 3,89	Mauritania Mauritius	Ongulya	110.94 20.80	Turks & Galcos	U.S. 5	1.4410
Dominica	E Carrioboan a	((o) 1.4410			(F)708,46	Tuvalu	Australian 3	2,1175
Dominican Repub.	Purinkan rase	7 4,58(7) (0) 187.74	Mexico		{(C:461.08 11.4000	Uganda	Uganda Shilling	960.0
Ecuador	Sucre	?(F) 170.46	Morraco	Franch France	11,4000	United States	U.S. Dollar	1.4410
Egypt	Equation £	1.2000 (14) 1.7700 (8)	Mongolia	ı urgrik	4.84 3,89	United States Uruguay Utd.Arab Emirates	Uruguay Peso	189.55
	•	(0) 3.69 (0) 7.01	Morocco	E. GROODSKO P Dirham	14,20 (sg)	Utd.Arab Emirates	U.A.E. Dirham Rouble	5.2848 1.1237
El Salvador		((F) 7.01 570.0			(A) 60.59	-		
Equatorial Guines.	G.P.A. Franc Ethopian Birt	2.9560	Namibla	S.A. Rend	3,7140	Vanuatu	Vatu Italian Lira	147,00 2,521,75
Ethiopia	Palkland is 2	1.0	Nauru	Austanan ponar Nanalèse Rupes	2 <u>.</u> 1175 26.40			1616.20
Faroe Islands	Danish Kroner Eni 8	13.5625 1.5854	Netherlands	Guilder	4,2200	Venezusia	Balivar	(5) 10.82 (6) 20.93
Fiji Islanda Finland	Maridta	8,0450	Netherland Antiles	Antilian Guilder	2,60 2,4750	Materia	n	
France	French Franc	11,4900	Natherlands Metherland Antiles New Zoaland Niceraguh Niger Republic Nigeria	Cordoba	(0)40,28	Vietnam Virgin Island U.S	vung U.S. Dollar	(0) 134,55 1,4410
France French C'ty in Af., French Guiana French Pacific Is.	C.F.A. Franc	570.0 11,4000	Niger Republic	C.F.A. Franc	570.0 1,282471(ag)	_		
French Guishs French Panific Le	LOCAL PIENC C.F.P. Franc	\$00.0	Norway	Norwegian Krone	11,2625	Western Samoa	eamean Tala	(A) 3.0250
		570.0	l Oman Sulate of	Rial Omani	0.4980 22.95	Yemen (Nth)	Ryai	(A) 10.08
Gambia	Dalasi Ostonost	5,00 3,7400	Pakistan	Pakistan Rpec	22.85 1,4410	Yemen (Sth) Yugoslavia	S. Yeman Dinar	0.4950
Gambia Germany (East) Germany (Wost)	Deutsche Mark	3.7600	Papus N. Ggines	Kina.	1,5860	TUBOSISHIS	New T LANAF	426,5812
		86,3400			(345_24(10)	Zaire Republic	Zaire	75.6530
Gibraiter	Cilbreiter ≥	1.0 219.82	Paraguay	<u>ensušui</u>	(999.75(7)†	Zambia	Kwacha Zimbabwa S	9.00
&: 2242 Privetti					,			2.4100

pank of Scotland Money Market Cheque Account.

LONDON SHARE SERVICE 1756 1556 158 191, 61, 214 137 24 94-1 241, 89 +11 41.32 57 14 271 180 17 72 (98) 675 26 45 177 675 26 57 92 8 165 25 68 83 125 17 73 74 125 18 72 72 125 18 71 168 125 18 71 168 · m Bet Grangers PE INDUSTRIALS (Miscel) 418 23 10 292 439 50 11 14 14 14 15 22 81 16 29 1 16 2 we're growing from strength to strength 9103 116 2036 44 111 623 24 60 104 110 31 40 19 11 05 49 71 241 Bauma Cam.

175 Bellinel Sila

187 Bellinel Sila

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Profit-taking thwarts early surge but equity indices

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- "rew-tame" dealings may take place from 9.30 am two business days earlier.

A bout of profit-taking midway stifled enthusiasm in the London suned entitusiasm in the London equity historic literate. The outcome was that a promising early move higher on the back of Wall Street's brilliant performance on Friday was thwarted, although the undertone in most areas of the market remained very firm.

very firm.

Bullish views on the outlook for both inflation and interest rate trends worldwide were incentives to potential buyers who focussed their attentions on consumer-related stocks. These included leading shares ranging from Store and Food Retailers to Breweries. ICI traded briskly again and closed higher but several recently-favoured Building issues came under selling pressure as short-term holders took the opportunity to establish took the opportunity to establish sizeable profits.

Other blue chips were content to consolidate the gains made over the past few sessions, com-forted by expectations that values would surge forward again before the current trading Account ends at 3.30 pm on Friday. Mexican debt worries dogged financial stocks, in particular the main clearing banks because of their exposure but the resulting losses exposure, but the resulting losses

encouraged revived support of 14 to 488p, while Taylor Woodrow lost 5 to 535p and Alfred McAlpine shed 6 to 332p. Ward Holdings last 10 to 238p in the absence of any bid developments. Treasury 9½ per cent 1999, at 171, and Conversion 9½ per cent to rally and closed 4 97½, and Conversion 9½ per cent to rally and closed 4 97½, remaining a seller at each level. The absence of any Mowlem, stimulated by a "chart to rally and closed 4 better at 212p, while John 2005, at 95, remaining a seller at each level. The absence of any to the stimulated by a "chart to the stimulated by each level. The absence of any cut in the key US Federal Discount rate, which had been strongly mooted towards the end of last week, failed to dampen the market's better mood ahead of the latest money supply and banking statistics; these are scheduled to be announced at

Midland lower

Midiand fell 10 to 441p on profittaking in the absence of the widely-rumoured bid from BP. Other clearers also gave ground, sentiment not helped by Mexican debt uncertainties created by the sharp fall in the peso. Lloyds gave up 5 at 448p, after 443p, while Barclays closed the same amount easier at 413p. NatWest softened only a couple of pence to 681p. Merchant banks

EQUITY GROUPS

& SUB-SECTIONS

Metals and Metal Forming (7). Motors (17)
Other Industrial Materials (20)
CONSUMER GROUP (177)
Brewers and Distillers (23)

Food Manufacturing (22) Food Retailing (14) Health and Household Products (9) Leisure (24)

Newspapers, Publishing (11)... Packaging and Paper (13).... Stores (42)

Textiles (16)

micals (18).. Telephone Networks (2) 49 INDUSTRIAL GROUP (482) Oils (18)

FINANCIAL GROUP (114)

Property (51)......... Other Financial (23).

Investment Trusts (107) Mining Finance (3).....

Overseas Traders (14) ALL-SHARE INDEX (738)

FT-SE 100 SHARE INDEX ...

FIXED INTEREST

+0.03 |119.56

133.45 +0.11 | 133.29

139.18 +0.11 139.03

149.95 +0.27 | 149.55

Banks (6)...

British Gove

2 5-15 years .. 3 Over 15 years ...

1 5 years.

Electricals (13) close higher for fifth day in a row

attracted a selective demand. Mercury Securities advanced 15 to 605p as the merger with stock-jobbers Akroyd and Smithers nears completion; A & S firmed 5 to 455p. Leopold Joseph put on 10 to 285p as did Kleinwort Benson to 545p. Among Hire Purchases, Woodchester, in which Gartmore Information and Financial Trust holds 2 7 per Financial Trust holds a 7 per cent stake, rose 5 afresh to 125p. cent stake, rose 5 afresh to 125p.
Insurances closed firmer throughout. Life issues were encouraged by good new life business statistics for the third quarter of 1985. Pearl ended is better at £13i and Britannic 18 to the good at 823p. Legal and General improved 5 to 712p and Equity and Law put on 8 at 283p. General Accident rose 8 to 703p in response to a broker's recommendation among Composites where Commercial Union appreciated 6 at 258p.

The drinks sector was again dominated by Distillers: down to 452p in initial trading reflecting sporadic profit-taking in the absence of bid developments over the weekend, the shares staged a smart rally and touched 465p before settling only 5 lower on balance at 460p. Argyll Group, expected to reveal its intentions towards Distillers before the end of the month, hardened a few pence to 333p, while rumours continued to circulate that Seagrams of the US is also currently formulating an offensive.

exposure, but the resulting losses in prices were modest. Also moderate were the interday fluctuations in the two main indices; the FT-SE 100 share index moved between 1.383.1 and 1.375.2 before closing 1.9 up on balance at 1.380.9, while the FT ordinary index ended 0.5 higher at 1.071.1, both levels being record closing highs.

U.S. bond market influences together with a firmer pound encouraged revived support of Government securities. Amid talk of a large uncompleted over the interday an offensive.

Profit-taking was evident in the Building sector and several recent favourities turned back sharply. Blue Circle, not helped by worries of reduced Mexican earnings following the recent sharp fall in the value of the peso, dipped to 580p prior to closing 13 lower at 585p. Costain came under pressure and gave up 14 to 488p, while Taylor Woodrow lost 5 to 535p and Alfred absence of any bid developments. In contrast, French Kier continued to rally and closed 4 better at 212p, while John Mowlem, stimulated by a "chart buy" signal and hopes connected with the company's proposal for a third Dartford Tunnel, gained 10 to 336p.

ICI moved higher from the outset on a combination of domestic and US support and closed 10 higher at the day's best of 684p. Elsewhere in the Chemical sector, Hickson International feel 22 to 331p following a broker's dwynoraded profits a broker's downgraded profits estimate. Takeover gossip accompanied demand for Croda International, a penny firmed at

Burton feature

Day's Change %

Burlon were a lively feature among leading Stores, rising 15 to a 1985 peak of 570p as buyers began to show an increased interest ahead of the preliminary

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times,

the Institute of Actuaries and the Faculty of Actuaries

Mon Nov 4 1985

Gross Div. Yield % (ACT at 30%)

Est. P/E Ratio (Net)

7.54 7.57 66.65 1164.59 1178.51 1188.31 1,071.65
4.28 12.58 18.56 736.10 734.35 732.92 599.84
4.67 — 14.94 517.97 516.96 514.50 401.65
5.88 8.14 22.18 515.41 520.93 515.01 413.66
4.27 — 23.40 788.45 783.00 779.72 501.62
4.91 — 9.88 394.55 391.05 391.24 289.61
3.54 19.39 29.71 1216.93 1202.96 1199.06 282.23
4.19 — 5.80 269.83 270.82 260.12 198.92
3.49 24.74 12.71 695.03 694.27 696.03 628.59
5.42 12.42 11.08 307.04 306.19 302.40 250.30
3.42 — 12.63 623.42 621.25 619.14 554.92
6.12 8.83 10.48 256.10 257.06 261.98 283.80

9.87 10.10 18.12 10.70 10.44 10.13 10.79 10.58

- 3.42 - 12.63 623.42 621.35 619.14 554.92

13.17 6.12 8.83 10.48 256.10 257.08 261.93 233.80

12.68 6.72 9.35 26.76 598.42 599.77 599.25 602.33

- 4.34 - 17.39 672.15 670.64 669.16 549.61

 Index
 Day's
 Day's
 Nov
 Oct
 O

FINANCIAL TIMES STOCK INDICES

	Nov.	Nov.	Oct. 31	Oct. 30	Oct. 29	Oct. 28	year year
Government Secs	83,93	83,83	83.98	84.04	83,64	83.60	82.64
Fixed Interest	89,64	89.67	89,64	89,59	89,48	89.52	85,23
Ordinary 🕶	1071,1	1070 6	1069,1	1067.3	1061,5	1048,6	903,1
Gold Mines	222,9	237.9	245.0	246,6	248,4	252,3	524,9
Ord. Div. Yield	4,48	4.48	4,48	4.51	4,54	4,59	4,72
Earnings, Yld. Syfull.	10.98	10.97	10,96	11,04	11.12	11,23	11,25
P/E Ratio (net) (*)	11.26	11.27	11.25	11,19	11,11	10,99	10,67
Total bargains (Est.)	25,481	24,333	25,103	24,412	24,572	24,219	18,307
Equity turnover £m.	<u>-</u>	529,57	578,32	576,67	499.67	441,57	260,26
Equity bargains	-	24,381	24,933	24,954	22,648	23,277	19,536
Shares traded (ml)	_	239,4	269,5	301.1	240,8	230,7	141.5
♥ 10 am 1073	5_ 11 2	am 1069	.1 No	n 1087.:	3. 1 pt	n 1068.2	<u>.</u>
2 pm	n 1 06 9.1	. 3 pm	1069.3.	4 pm 1	1070 0.		

Day's High 1074.1. Day's Low 1067.3. Basis 100 Govr. Secs. 15/10/28. Freed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55, SE Activity 1974. Lates: Index 01-245 8026

> *Nil = 10 86. HIGHS AND LOWS

S.E. ACTIVITY INDICES

	1985	Since Compilatin	:	Nov 1	0et. 31
i	High Low	High Low	Daily Gilt Edged		
vt. Secs.	84.57 78.02	127.4 ' 49.18 (9:1,35) : (3:1,75)	Bargains,		
red Int	90.58 . 82.17		Value		
dinary	1071 1. 611 0	1071.1 49.4 (4:11:85) (26:6,40)	Gilt Edged	128,2	128,1
ld Mines	556.9 ; 222.8	734.7 43.5 15/2/88) (26/10/71)	Barosine		
;	1	1 :	i		1

results due next week; the rise was also accompanied by vague suggestions that the group is contemplating selling the Hamcontemplating selling the Hamleys and Harvey Nicholis retail outlets. Woolworth, up 47 last week, firmed 13 more to 595p and Dixons added 15 at 927p. Habitat Mothercare were also supported and closed 6 better at 516p. Elsewhere, Home Charm gained 9 to 348p in reply to Press comment and J. Hepworth improved a few pence to 226p. after 228p, in anticipation of today's annual results. E. Upton "A" continued to draw strength "A" continued to draw strength from a recent investment recommendation and added 4 afresh to 36p, while Andre de Brett improved a couple of pence to 22p for the same reason. Renewel profit-taking clipped 31-more from Goodman Bros, at 28ln.

Leading Electricals rarely strayed from previous closing levels. Elsewhere, Oxford Instru-ments featured with a rise of 44 at 393p in response to the bumper half-year figures, but poor interim results left Sound Diffusion 4 down at 41p. Profit-taking clipped 10 from Crystalate at 148p. Buyers, however, con-tinued to show interest in tinued to show interest in

Weds Oct 30

Index No.

index No.

ladez No.

With the exception of Hawker, which drifted back 6 to 421p. after recent firmness, leading engineers showed little alteration. Elsewhere, nationalisation compensation hopes left Vosper 18 to the good at 222p in a limited market, while Press mention stimulated revived interest in Woodhouse and Risson. 23 firmer at 413p. Following news that shareholders had backed the board's purchase of a 14.7 per and Plastic fell to 153p following the interim figures, but railied smartly to close 4 dearer on balance at 178p.

Cadbury Schweppes provided a firm and active feature in the Food sector, touching 1530 on US bid hopes prior to closing a net 4 up at 150p. Rowntree Mackintosh, another of the

Pressac which gained 6 more to

board's purchase of a 14.7 per cent stake in TI, Evered eased 5 to 231p. TI lost 6 to 404p. Wire

sector's takeover favourites, settled 4 higher at 402p, after 408p. Associated British Foods touched 272p following interim profits at the top of market estimates, but subsequently drifted off in the absence of follow-through demand to close unchanged at 268p. The tin market crisis continued to depress S. & W. Berislord, down newsletter recommendation boosted Breakmate which climbed to 143p before closing

YESTERDAY'S

ACTIVE STOCKS

Inclined easier initially, most miscellaneous industrial leaders picked up to close little better on the day. Elsewhere, speculative demand took Whitecroft up to 193p before a close of 6 in five North Sea following agreement with Chevron. News of the sale of interests up to 193p before a close of 6 in five North Sea blocks prompted a reaction 3 to 248p in Cope Allman. Weekend Press mention encouraged further demand for Marley which put on 5 more to 109p, but profit-taking after last week's good rise in response to the interim results left Renwick Group 10 lower at 300p. Cannon Street Investments were briskly traded following Press mention and touched 98p before settling 13 to the good on balance at 93p. British Aerospace turned easier and gave up 10 to 448p, but bid hopes continued to sustain Blundell-Per moglaze which put on 7 to 113p. News of the agreed share exchange offer from British Tar left Dufay Bitumastic a penny lower at 57p; British Tar eased 2 to 109p. European Ferries, the subject of persistent speculative activity for some time, eased 1½ to 155p.

Delyn Packaging highlighted Papers, rising 12 to 108p.

lative activity for some time, eased 1½ to 155p.

Delyn Packaging highlighted Papers, rising 12 to 108p following revived speculative buying ahead of the interim results scheduled for November 15. Interim profits from Geers Gross proved better than recent pessimistic forecasts and the shares touched 82p before closing a penny dearer on balance at 78p.

Secondary issues again provided the noteworthy movements in the Property sector. London and Edinburgh were helped by Press comment and rose 35 to "Application of the property sector. London and Edinburgh were helped by Press comment and rose 35 to "Application of the property sector. London and Edinburgh were helped by Press comment and rose 35 to "Application of the property sector. London and Edinburgh were helped by Press comment and rose 35 to "Application of the property sector. London and Edinburgh were helped by 185p in a restricted market, while renewed speculative buying lifted Marler Estates 13 to 185p. Rosehaagh hardened ½ to 185p. Rosehaagh hardened ½ to 185p. Rosehaagh hardened ½ to 185p. Rosehaagh hardened 3 to 78p on takeover hopes. On the other hand, profit-taking in the absence of any bid developments clipped 4 from Bairstow Eves at 113p. clipped 4 from Bairstow Eves at

Investors came for Courtaulds ahead of the interim results scheduled for November 19 and the close was 5 higher at 159p. Coats Patons also fared well with

Continental and Industrial Investment Trust, still reflecting vague talk of a possible bid from Liberty Life, rose 8 more to 650p, Elsewhere, Britannia Arrow improved afresh to a 1985 peak of 155p on hopes of a counter to Guinness Peat's unwelcome offer, but later reacted on light profittaking to close a penny easier at 152p. M and G dropped 20 to 850p, after 815p, in reaction to

Oils cautious

cautiously in the wake of reports
that OPEC was to consider
flexible prices and production
quotas. Quotations opened a
shade firmer for choice, but respectively.

•	ACTIVE		CKS	5
oted in	Based on barg Exchange Office	al List.	orded i	
D		No. of	Fri.	Day's
Day's	Stock	changes	close	Change
change	4C1		674	+ 25
-13	Gus A		883	+23
- 1	Brit Aerospace		455	+12
-10	Distillers		465	+17
+13	Glazo		£14%	+ 12
+ 6	Smith, Naphew		212	+ 9
- 8	Midland Bank,		451	_
– 5	Nosrk Hydro ,		£13	_ <u>\</u>
+ 4	Thorn EMI	. 17	377	+10
+44	Goodman Bros	16	32	- 6
+ 25	Saatchi Saatchi		735	+2Š
- 4	NatWest Bank		683	- 18
_ ī	sector of Many			. 10

Stock Side Circle Britannia Arrow British Aerospace Cannon Street Invs Commercial Union Cope Aliman Distillers Glaxo Glaxo	price 585 152 445 93 258 248 460 £15	change -13 - 1 -10 +13 + 6 - 8 - 5 + ¹ / ₂	Gus A Brit Aerospace Distillers Glazo Smith, Nephew Midland Bank Nosrk Hydro Thom EMI	22, 20, 20, 7, 19, 18, 17,	674 883 455 465 £14% 212 451 £13 377	3777777
Oxford Instruments Readicut Intl Sound Diffusion Whitecroft	392 49 ² 2 41 186	+44 + 21 ₂ - 4 + 8	Goodman Bros Saatchi Saatchi NaiWest Bank	15	32 735 683	4

GOLD C GOLD C GOLD P	\$340' \$360: \$300'	Ξ		7 , 86 : 16 8 52 7.56 - 10 , 8.56	4 :5 325.80
		Dec.	March	June	-
SILVER P SIFL C SIFL C SIFL C SIFL C SIFL C SIFL C SIFL P SIFL P	F1.290 37 F1.295 158 F1.300 115 F1.305 54 F1.510 3 F1.515 — F1.320 9 F1.330 — F1.385 4 F1.290 118	0.70 0.30 2.50	5 80 1.3 —	0 61 7.50 0 ; - , - 2 - , - 50 1.50 225 10	- 1 2
SIFL P	Fi.298 205 Fi.305 46 Fi.310 55 Fi.315, 32 Fi.320 5 Fi.325 20 Fi.335 10 Fi.335 10 Fi.335 10	13.20 18 22.50 26.50	1 21.1		A
		Jan.	Apr.	July	
ABN C ABN P AEGN P AH C AH P AKZO C AKZO C AKZO C AMRO C AMRO C AMRO C GIST P	F1.540 201 F1.520: 178 F1.100: 570 F1.100: 48 F1.270: 35 F1.270: 46 F1.130: 1063 F1.120: 367 F1.100: 183 F1.95; 139 F1.200: 90	18 4.80 3.90 3.10 14 4.80 2.70 2.60 2.50 2.50	52 8,55 161 6,3 4 3,8 2 7,5 241 5,7,5 189 3,9 505 4,4 206 3,4 4 29,5 4	1 1 4 4.80 1 2 5 6.90 1 17 6.90 1 12 6.90 1 12 6.90 1 12 6.90 1 12 6.90 1 12 6.90	F1,276 F1,125,80 F1,97,80
HEIN C HEIN P HOOG C HOOG P KLM C KLM P NEDL C NEDL C NEDL P NATN C NATN P PETR C PE.R P	F1.190 177 F1.180 138 F1.70 786 F1.65 117 F1.60 571 F1.50, 158 F1.290 82 F1.170 10 F1.76 184 F1.75 36 F7.6500 18 Fr.6500 —	5.60 3.80 2.1.40 0.90 1.10 4.80 1.40 A 5.40 B 5.40 B	18 6.90 4 5.70 34 2.50 140 2.30 5 2.30 4 9.50 17 3 39 5 16 1 610 10 140	38 4 55 35 3 23 5 23 5 18	F1. 67.80 F1. 52.80 F1. 183.20 F1. 15.40
PHIL C PHIL P PHIL P RD C RO P ROBE C ROBE P UNIL C UNIL P	FI.50 1407 FI.45 1098 FI.50 934 FI.190 491 FI.190 483 FI.77.50 — FI.76 — FI.360, 350 FI.340 117	1,50 1,20 3,50 5 5 6 11,80 4,80	961 2.50 114 1.90 49 3.90 99 8.80 51 6.90 3 3 - 22 19 28 8.10	109 ; 2,40 10 4,60 12 11 40 2,40 4 21	A.FJ.158 FL78.40 FL362
TOTAL VOL	JUME IN CONTR A=Ask	B=Bid	C=Call	P=Put	

Among Hotels, Queeus Moat Houses altracted good support and firmed 4 to 63p.

drifted back to close a shade cheaper on balance. British Petroleum were finally 3 off at 580p. after 585p. Shell, with third-quarter figures due on Thursday, also fluctuated narrowly and closed unchanged at 685p. Ultramar slipped 5 to 205p and firmed 4 to 63p.

Whitecroft below best Inclined easier initially, most miscellaneous industrial leaders picked up to close little better better on the day. Elsewhere, specularly agreement with Cheville 10 to 10

however, were resilient with RTZ only 5 off at 540p and Con-solidated Gold Fields 3 down at

The unresolved tip crisis again unsettled Cornwall's Geever. which gave up 10 more at 90p. Malaysian issues, on the other hand, made some recovery. Ayer a similar improvement to 151p.

Readicut reflected an investment recommendation with a rise of 23 at 403p.

Continental and Industrial Inmore to 150p.
Overnight strength in Sydney

and Melbourne, where many issues recovered part of their recent losses, was not matched in London and leading diversified stocks closed no better than mixed. "Down-under" Golds, however, finished with double-figure falls as in Central Norseman, 348p, and Gold Mines of Kalgoorlie, 455p.

Courtanids highlighted business

Courtaulds highlighted business in Traded Options, recording 1.500 calls, \$36 in the January 1.40s, and 300 puts ahead of the interim results scheduled for

95 F.P. 7 11 108 97

F.P. 9 10 7 6

F.P. 9 10 7 6

F.P. 111 233 202

180 F.P. 111 23 198

100 9 9 6 12 9 4 52

100 9 9 6 12 9 4 52

100 9 9 6 12 19 5 125

188 F.P. 8 11 96 91

180 F.P. 6 12 170 150

95 F.P. 20 12 109 102

75 F.P. 1 11 76 70

120 F.P. 1 11 10 104

772 F.P. 20 11 110 104

672 F.P. 20 11 72 70

180 F.P. 20 11 72 70

180 F.P. 20 11 100 90

1350 F.P. 11 174 73 343

100 F.P. 22 11 100 97

F.P. 22 11 100 97

F.P. 22 11 100 97

EQUITIES

RECENT ISSUES

FIXED INTEREST STOCKS

	price stue	d sp	itent nunc.	196	5 ;	Stock	- 53
1		58	78.	High.	Low :		-06
	:96.456 :100 :98.524 :97.617 :99.97 95,603 68.486 100	£30 F.P. £25 F.P. £40 £25 F.P. £30	26-11 26-11 26-11 26-11 5-12 51-1 29-11 10-1 24-1 13-11	29% 110 151 281; 100:4 44:4 27:4 101:6 25:2 32;	27:2 100 110 25 w 100:2 40:4 25:4 100:1 25:8 38:3	Briston Est. 10-17 let. Norf. Deb. 7005 Enstbournewater II.21. RedDeb. 2004.5 Eat. & Gon. Inv. II 1/12 Metr. Deb. 7005 Evans of Loeds 115. ist. Mort. Deb. 7005 Hampton 7st. 11st. Let Mtg Deb 2005. Hassemore 101-7. htt Mort. 2018 Intt. Est. for Rec. & Dev. 97s. In. 2010. Nat. Home Loans 8 C. Cre. Uns. La. 2006. Mat. Home Loans 8 C. Cre. Uns. La. 2006. Mat. Dev. Mat. 2006	110 130 17: 100 45: 100 45: 46: 98:
	·98.43	C25 F.P.	21.2	99`	99.) 254 1100		20 23 214

RIGHTS OFFERS

Instite	dep d	Latest Renunc.	196	5	Stock		
price	₹ğ:	dats .	High	Low		·	- 3E
165 100	F.P. F.P. No.	27.11 21.11 6.12 6.12	66 88 227 36pm 363	63 75 180 28pa 280	Brasway 10p Growther U: DRG Garfunkeis' Rest. ML Hidga	10p	226 246 34pm

Renunciation date usually lest day for dealing tree of stamp duty. It Rigars based on prospectus astimates. It Assumed dividual and yield. It Dividend and Yield based on prospectus or other official estimates for 1985. It forecast otherwise indicated. It issued by tender. It Offered holders of underly charts as a "rights." "I issued by way of capitalisation. If Relationaries is inconscition with reorganisation energy or takeover. Medicated price. It Dealt in under Rule 545 (3). If Dealt in under Rule 545 (4) (a), I Units comprising 5 ordinary pheres and 1 warrant.

NEW HIGHS AND OPTIONS LOWS FOR 1985

NEW HIGHS (142)

NEW HIGHS (142)

INT. BK. & O'SEAS GOVT. STG. 183. 17)

COMWEALTH & AFRICAN LOANS (1)

LOANS (1)

BANKS (2)

CSTORES (18)

FLECTRICALS (2)

ENGINEERING (8)

FOODS (3)

MOTELS (4)

INDUSTRALS (2)

INSURANCE (11)

LESSINGE (1)

FAPER (1)

PROPERTY (11)

SNOES (1)

TEXTILES (3)

OURSELANT (20)

OVERSELANT (20)

NEW LOWS (93)

CHEMICALS (1) ELECTRICALS (5) ration ENGINEERING (1) Mering Middistrials (1) SHIPPING (1)

See Containers
SOUTH AFRICANS 16)
Abertom OK Bazaara
Barlow Rand SASOL
New Klein Prop SA Breweries
TRUSS (4)
Isnail Assets
Incomparison
TRUSS (4)
Isnail Assets Japan Assets

First Last Last Fer Deal- Deal- Declarate Settle- ings ings tion ment Nov 4 Nov 15 Feb 6 Feb 17 Nov 18 Nov 29 Feb 20 Har 3 Dec 2 Dec 13 Mar 6 Har 17 For rate indications see end of Last Last Fer Fer Part Services

For rate indications see cud of Unit Trust Services
Call options were transacted in Abbry Life, Charterhall, STC, Aspinall, Oil Search. De Beers Deferred, Piessey, BEA, Boots, Appledore. Distillers, Kia Ora, Sears, Amstrad Consumer Electronics, Rayherk, C. R. Balley, Vosper. Parkfield Foundries, Gaodman Bros, Polly Prek, and H. P. Bulmer. A put was done in Manganese. Broase, but no doubles were reported.

RISES AND FALLS YESTERDAY

Corpus Dom and Foreign Bonds ... Industrials

LONDON TRADED OPTIONS

	•	. '	CALLS			PUTS		1		. •	وعللة		. 74	PUTS	
Optio	n	Jan.	Apr.	July	Jan.	Apr.	July	0,	otion	Nov	Feb.	May	Nov.	Feb.	May
8.P. (*560)	500 550 600	72 35 14	85 48 20	58 28	3 15 45	28 53	33 58	P. & C (*416	480	12	25 25 10	53 35 20	2 8 43	20 43	15 27 48
Cons. Gold (*472)	390 420 460 500	92 65 39 22	105 77 52 32	87 64 40	2 6 18 40	17 33 52	22 42 62	Raca (*128	126 130 140	5	14 10 4	30 22 15 9	2 71 ₃ 16 54	4 10 16½ 34	14 22 34
Courtaulds	550 600	1 41	1 45	ΙΞ	87	<u> = :</u>	<u> </u>	R.T.Z. (*542)	500 550 600) II	62 35 13	43 35	11 ₂ 16 62	9 35 70	42 74
(*159)	150 140 160	31 21 71 ₂	35 26 12	30 17	15 ₂ 2 8	11e 5 10	6	Voal Rec (*348)	1s 50 60 70	1 1.	27	813 5 25 ₄	121 ₂ 22	7 lg 131 ₂ 221 ₂ 32	9 16 25 324
Com. Union	200 220 240 260	63 44 29 16	68 49 34 23	40 28	1 1 6 5 1 5	9 18	12 21	Ex10; 1:	989 96 96 100	8	41g 2,8		0	0 2	Ξ
G.E.C. (*164)	140 160 180 200	30 16 6 2	38 24 12 5	30 18	2 5 18 38	5 9 20 38	12 22	Tr 11:12 15 (*£104)	104	1 =	1 =	2: 1 ↓ 05e	Ξ	ΞΙ	0 id 1 ia 2 i4
Grand Met. (*368)	280 300 350 360	98 78 48 28	103 83 57 33	70 45	112 112 1	2 4 7 15	10 20	Tr. 1123 60 (*£111	108 110 118 114	1 1		작년 31년 2 1류	0.5 2 2 2 2 3	05g 1 m 3 m	114 21 ₈ 31 ₈
1.C.I. (*682)	600 650 700	100 60 25	107 67 35	117 77 45	13 35	8 27 50	13 32	Ор	tion	Dec.	Mar.	June	Dec.	Mar.	June
Land Rec.	750	11	32	70	67		57	BTR (*370)	350 360		35	45	8	20	95
(*314)	280 300 330	37 37 22 8	45 28 14	37 19	112 119 7 24	4 9 26	11 28	Beechai	375 390	1.52	22	30	17 27	32	38
Marks & Sp. (*185)	150 140 160 180	66 46 26	61 51 61 16	37	1 3 7	25.59	- - - 11	Boss (*649)	560	1160	29 7	38	18	25 45	28
Shell Trans (*581)	650 700 750	52 25 7	63 33 18	75 45	26 70	16 35 77	20 45	De Bee	550 500 650	110 50 27	117 70 87	90 50	2 4 25	10 52	10 16 37
Traf'gar Hse (*372)	380 360 390	46 25 10	50 51 16	56 37	5 10 27	5 16 29	21 21	(*83.90	420 460 500	12 4 2	45 27 16 7	57 32 20	40 80 0	23 64 85 125	32 60 95
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Dank of Scotland Money Market Cha

Philippe de Norman d'Audenhove Rue Ducale 39 Hertogsstraat

B-1000 Brussels Belgium Tel: (02) 513 2816 Telex: 64219

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Momentum begins to slacken

CONSOLIDATION took hold in Wall Street yesterday as investors paused after Friday's session which saw some powerful gains, writes Terry Byland in New York.

Strength in IBM and Merck boosted market indices, and special situations provided many features. Investors continue to expect interest rates to move downwards although a cut in the federal discount rate at this week's meeting of the Fed's Open Market Committee (FOMC) is considered unlikely.

At 3pm the Dow Jones industrial aver-

age was down 2.64 at 1,387.61.
The latest report from US purchasing managers, indicating that the economy remains buoyant, confirmed the stock markets' favourable response to the October employment statistics. In the credit markets short-term rates edged higher behind a federal funds rate at 8% cent, and bond prices were a shade easier as the FOMC meeting began. Some initial profit-taking in stocks

was not unexpected after the sharp gains of recent sessions, and prices soon

The continued downward pressure on the US dollar spurred prices for the big overseas earners. At \$132%, IBM gained

1981

STOCK MARKET INDICES

DJ Transport

S&P Composite

FT-A All-share

FT Gold mines

FT-A Long gitt

(London) Silver (spot fixing)

Oil (soot Arabian Light)

Copper (cash)

Coffee (Nov)

London

Zürich

Paris (fixing)

421.10p

£1.880.00 £1.950.00

£950.50

\$27.65

Nov 4 \$325,25

S325.60

S326.13

\$327,10

GOLD (per ounce)

421.40p

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\$27.70

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LONDON

FT Ord

FT-A 500

TOKYO

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\$1% in heavy trading, bringing the stock within \$8 of its 52-week peak.

Merck, the pharmaceutical leader which features in the Dow industrial average, rose \$1% to \$119%, a new 12-month high.

Other strong spots in the pharmaceutical industry, which takes around half its sales and profits from outside the US, included Bristol-Myers, \$1% higher at

Banks were again sustained by the fall in rates in the money markets, which will benefit earnings. At \$53%, J. P. Morgan gained \$1 while Bankers Trust at \$63% held steady. However, BankAmerica slipped \$% to \$14% on nervousness over fourth quarter trading.

In technology stocks, Digital Equip-ment gained \$\% to \$113\%, NCR \$\% to \$35%, Control Data \$% to \$17% but Honeywell, at \$62, gave up \$% as recent profit forecasts from the boardroom continued to unsettle.

The Detroit car makers were unsupported as Wall Street was put off by the industry's falling sales. Ford edged up \$\% to \$47\% but General Motors remained unchanged at \$67% and Chrysler, despite last week's news of soaring profits, eased \$\% to \$40\%.

Chemicals, also major overseas earners, lacked enthusiasm. At \$62%, Du Pont shed \$4, and Dow eased \$4 to

Selective buying of both airline and rail issues lifted the Dow transportation average. United Air added \$% to \$48%, but among the international carriers, Pan Am eased \$% to \$7%. In railways, Norfolk Southern strengthened \$% to

The star of the takeover sector was

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Nov 4 Previous

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Potlach, the timber company, which spurted \$7% to \$43% as the Belzberg family offered \$45 a share, or \$693m,

provided that the board withdraws anti-takeover proposals. Cluett Peabody rose \$1% to \$38% after agreeing to merge with West Point-Pepperell for around \$41 a share. A stake of 23 per cent of the Cluett equity will be sold to Pepperell at \$39.45 a share by Mr Paul Bilzerian, a previous suitor. Stock in Pepperell dipped \$2 to \$41 on the merger agreement.

Stock in CBS, the television news network, slipped S2 to \$121%, on disappointment that a strong gain on Friday did not produce any SEC filing to confirm rumours that a New York property group may try to seize control from Loews Corp, which intends to take a 25 per

cent stake. One of the market's long-standing takeover favourites, TTT, brushed aside the disclosure that Mr Irwin Jacobs has backed away and disposed of his 4.5 per cent stake in the equity. Wall Street is convinced that either another bidder will appear or the board will be obliged to improve the company's performance

In the credit markets, the yield curve continued to flatten. The return of federal funds rate to around 8 per cent ap-peared to be a sign that the Fed does not want short-term rates any lower at present. But money market rates remained stationary while gains in Treasury bills were held to a few basis points.

The bond market was resting after last week's successful auctions of \$17.75bn worth of Treasury securities. Prices were a shade lower in thin

LONDON

Enthusiasm partially stifled

ENTHUSIASM in London equity markets was partially stifled yesterday morning by an aggressive bout of profit-taking. The FT Ordinary index nevertheless managed a 0.5 point advance taking it to a fresh peak of 1,071.1.

Bullish views on the outlook for inflation and interest-rate trends worldwide were incentives to potential buyers who focused their funds on consumer-related stocks ranging from stores to food

Among the actives were Burton, 15p up at 570p, and Cadbury Schweppes, 4p higher at 150p after its denials that it was the subject of a takeover bid. Elsewhere, South African issues were particularly weak, with Anglo American Gold down £4% to £31% and Vaai Reefs £2% cheaper at £331/2.

US bond market influences and a firmer pound encouraged revived support for gilts. Chief price changes, Page 35; Details,

Page 34; Share information service,

SINGAPORE

CONCERN over the continuing disarray in world tin markets pressured Singapore and left most sectors weaker in moderate trading. The Straits Times industrial index, down 5.59 at noon, recovered slightly to 763.69, down a net 4.25. Among tin stocks, Berjuntai lost 20

cents to S\$2.80, MMC retreated a further 3 cents to 83 cents and Straits Trading dropped 6 cents to S\$2.84.

Elsewhere, Cycle & Carriage dipped 6 cents to S\$3.14, and Genting lost 5 cents to S\$5.85. Moving against the trend were National Iron, 3 cents up at S\$2.16, Singapore Press, 5 cents firmer at S\$6.65. and Fraser & Neave, 5 cents higher at

HONG KONG

SUBSTANTIAL buying orders from institutions and small investors gave Hong Kong renewed strength, taking the Hang Sang index above the 1,700 level for the fourth time this year with a 21.54 advance to 1,792.19.

Properties traded higher, with Cheung Kong picking up 50 cents to HK\$21. while Hongkong Land and Sun Hung Kai Properties both firmed 20 cents to HK\$6.90 and HK\$13.60 respectively.

Banks, recently under strong selling pressure, featured Bank of East Asia, 20 cents stronger at HK\$22.90, and Hongkong Bank. 5 cents ahead at HK\$7.45.

SOUTH AFRICA

GOLD and most other mining issues finished firmer in Johannesburg as some speculative foreign buying developed after the fall in the financial rand. Southvaal advanced R2.50 to R99, with

Kinross R1 higher at R39 and Loraine 25 cents ahead at R12.05. Impala Platinum picked up 50 cents to

R27.50, and leading diamond producer De Beers gained 25 cents to R15.75. Industrial leader Barlow Rand also benefited with a 25 cent-gain to R10.90.

CANADA

STRONGER industrials injected a measure of support in Toronto which braced itself for a technical downturn after Friday's dramatic rises.

Among the actives, Canadian Pacific moved C5% lower to C516%, and Canadian Imperial Bank of Commerce gained C5% to C\$39%. Royal Trustco traded C5% down to C\$21 after details of its new

stock issue.

Montreal moved selectively higher.

EUROPE

Early gains dampened by profit-taking

THE higher trend continued across Europe yesterday with some bourses recording peaks yet again. The softer dol-lar contributed to the tone, and foreign buyers stepped in to pick up bank and insurance stocks. Late profit-taking in some bourses left prices off their highs for the day, however.

Hectic buying in Amsterdam pushed the ANP-CBS index to a record early in the session as both foreign and domestic investors returned to the market in force. The index closed up 2.2 at 228.7 sweeping aside the previous record of 226.6 set on October 31.

Demand for banks led the advance which soon spread to all sectors. The most impressive performer was ABN, FI 9 higher at FI 548, while Amro took on FI 2.40 to Fi 97.80 and NMB Fi 2 to Fi 218.

In internationals, Royal Dutch scored a gain of Fi 9.80 to Fi 188, Unilever, still buoyed by investor enthusiasm, added FI 5 to FI 362 and KLM took on 40 cents to F1 52 80:

Hoogovens rose Fl 2.10 to Fi 68 on expectations that the steel group's record of efficiency will help it benefit from the easing of some EEC output quotas.

Bonds were higher where changed, with revived interest in guilder issues because of the weaker US dollar. Frankfust turned lower on late profit-

taking. The Commerzbank index, calculated at midsession, reflected early solid gains to end at a record 1,781.4, up 11.1. Cars and banks were sought and generally held on to their early advances. Deutsche Bank registered a gain of DM 6.50 to DM 730, Dresdner added DM

2 to DM 349 and Commerzbank DM 1.50 to DM 280. In cars, VW held on to most

of its early rise, to end up DM 8 at DM Chemicals group Schering, which is in talks over plans to buy some of Henkel's US industrial chemicals operations, was up more than DM 10 at the opening but. after profit-taking, ended only DM 2.50 higher at DM 642.50. Bayer's DM 5.90

drop to DM 264.50 was the sharpest set-back in the sector. Siemens, which has offered to co-operate with Indonesia in building the country's first commmercial nuclear power plant, slid DM 6 to DM 677 while AEG also ended lower at DM 241.90, a

loss of DM 9. Bonds were boosted by the lower dollar and ended up to 50 pfg firmer in a lively session. The Bundesbank sold DM

83.3m worth of domestic paper after selling DM 130.9m worth on Friday. Investor enthusiasm continued in Milan where prices ended generally higher, marred slightly by late profit-

Erokers noted that the sales were due te technical and speculative factors and

said that they expected the market to continue its bullish trend in the coming Among the best performers were Fiat, L40 higher at L4,720, Snia-BPD, up L43 at L4,093, and Centrale, L100 higher at

Italmobiliare rallied to L137,050 from L135,900 after news that it would pay a

Last week's succession of rallies appeared to slow in Zurich yesterday as selective profit-taking weighted on the

market. Most prices ended steady while banks and insurers edged higher. UBS added SFr 45 to SFr 4,800, and

Crédit Suisse rose SFr 30 to SFr 3,229 while in regional banks Hypo Aargau gained SFr 100 to SFr 2,100. Zurich Insurance put on SFr 50 to SFr

5,650 while Winterthur added SFr 15 to SFr 4,740. After the market closed, the company said it planned to issue 50,000 new participation certificates.

In otherwise steady engineerings, Saurer dropped SFr 10 to SFr 225 en disappointing intering results.

Bonds ended mostly unchanged as investors kept to the sidelines, awaiting a

further fall in prices.

The last day of the current forward market saw Brussels higher but below recent records.

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Banks and industrials were firmer, with Petrolina, the country's largest in-dustrial group, BFr 100 higher at BFr 7,100, Bekaert up BFr 220 at BFr 7,816 and Générale de Banque BFr 100 about. at BFr 4,495.

Uncertainty in world tin markets depressed non-ferrous metal issue Visilla-Montagne which lost BFr 700 to BF-

Investors in Paris returned from their All Saints' Day celebrations with a wave of orders to take prices higher. Sentiment was boosted by a dip in the

call-money rate and a government surdemand during the last two months of

Food stocks were the strongest per-formers and electronics were also

Stockholm ended sharply higher while prices in Madrid railed in light trading.

AUSTRALIA

A SHARP rebound took Sydney share prices higher, and the All Ordinaries isdex rose 9.0 points to 1.015.5.

The recovery, largely technical in na-ture after last Friday's dramatic drop over reports of Opec pricing policy, was led by domestic oil groups.

BHP, the largest oil producer in Australia and a likely victim to any shakeout in crude oil prices, regained 15 cents to AS8 30 while Santos sprinted 32 cents ahead to A\$5.46. Woodside Petroleum firmed 5 cents to A\$1.40.

Renison Goldfields Consolidated continued to suffer from tin market uncertainties and fell back 14 cents to A\$5.20.

TOKYO STOCK EXCHANGE

Deep sighs follow global trading talks

JAPANESE stock exchange officials are breathing a sigh of relief after the recent visit of New York stock exchange chairman Mr John J. Phelan Jr to Japan.

Mr Phelan, a long advocate of roundthe clock stock trading, repeated the idea that a link between US, British and Japanese exchanges would permit 24hour global trading and enhance the efficiency of the markets through increased competition. But he also stressed, much to the relief of Japanese officials, that the reality might prove very difficult to achieve.

Senior Tokyo officials revealed that. although Mr Phelan did not give details of a global trading plan, he acknowledged that certain issues - such as an expanded mutual listing of shares, efficient settlement of trading between the exchanges and an effective control system - would have to be resolved.

Round-the-clock trading between New York, London and Tokyo would require a unification of their governing rules. Japan would be most affected by the dispersion of trading on the exchange and changes in the system of fixed-brokerage commissions.

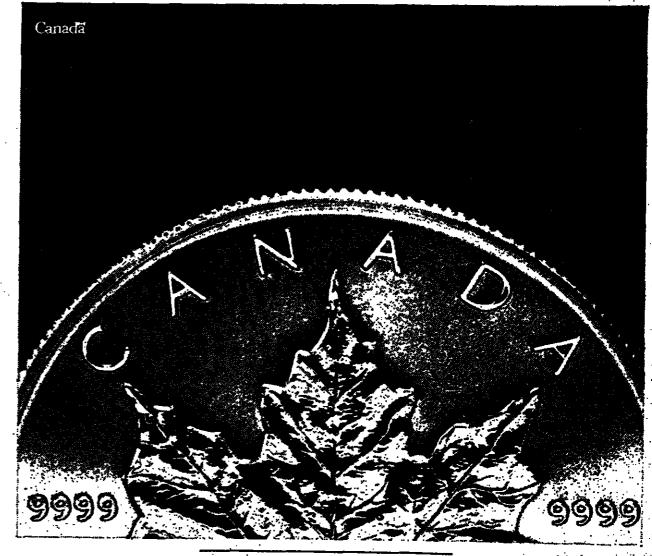
In Tokyo, member and non-member companies are obliged to execute buy and sell orders on the exchange, with external trading prohibited. This rules out the possibility of creating a third market such as already exists in the US. The system of fixed-brokerage com-

missions remains intact although the rates on large-lot trading were reduced somewhat this spring to lessen the burden on institutional investors. 🔑

Benefiting from these two rules and the expanded stock investment by institutions, many securities houses earned unprecedented profits for the accounting year to September.

Many exchange officials and brokers

had been concerned that Mr Phelan's visit could lead to a revision of these



There are still two things you can count on:

An investment today in gold Pure gold and Canada. should be considered as a form of insurance. Just as a central bank's reserve of pure gold (995 or purer) its stability, independence, and freedom.

insures the wealth of a nation, pure gold can insure your financial security and independence in the future. An insurance policy, however, is only as good as what or who stands behind it. Therefore, when insuring your wealth, you should consider the advantages of Gold Maple Leaf coins from Canada.

Canada's Gold Maple Leaf offers many advantages. It is recognized throughout the world and requires no costly assay at resale to determine its purity. Also, a portion of the premium you pay over the price of gold is recovered on resale.

The Gold Maple Leaf is the purest gold bullion coin in the world-999.9 fine gold. It contains no base metals, which only add weight and no real value. Rather, it contains only pure Canadian gold. The government of Canada produces the Gold Maple Leaf and guarantees its gold content and purity.

the insurance of your investment portfolio, be sure to consider the advantages of Gold Maple Leaf coins. After all, central banks demand a guarantee of source and purity, and so should you.

price of gold.

The price of the Gold Maple Leaf, which contains a minimum of one ounce pure gold, is directly related to the daily Therefore, when planning

This guarantee is embodied in the

symbol of the country-the maple

leaf. The Gold Maple Leaf is legal

tender in a country well-known for

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found in the financial pages throughout the world.

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Tokyo SE AUSTRALIA All Ord. 1.015.5 1.006.5 501.9 493.6 AUSTRIA 8% 8% 8%* 7.70* 81/m 81/m 7.80 6-month U.S.S. Credit Aktie 98.7 57.37 98.81 BELGIUM Belgian SE 2.853.22 2.837.5 CANADA U.S BONDS 1,786.10° 1,779.42 1,979.00 2,709.4° 2,705.4 2,369.3 Nov 4" Prev Price Yield Price Yield Compos 1001%2 8.70 1001% 8.70 9% 1992 993/34 9971/m 9.82 1037/m 9.997 9.79 10% 1995 9.97 1031% . 10% 10.24 103% 10.2083 229.18 230.28 170.04 FRANCE **CAC Gen** Day's change Retum index Yield Day's 124.6 131.26 +0.19 9.46 -0.01 WEST GERMAN 1-10 1- 3 129.47 +0.16 9.18 -0.01 600.44 599.94 FAZ-Aktien +0.10 126.11 8.66 D Commerzbank 1,781.4 1,770.3 1,086.7 131.11 +0.19 9.39 -0.02+0.25 10.47 HONG KON 137,55 1,702.19 1,680.65 1,035.23 Hang Seng Source: Merrill Lynch ITALY Nov 4° Prev 414.57 414.05 214.41 Banca Comm. Price Yield METHERLANDS 10% June 1990 101% 9.86 101% 9.86 ANP-CBS Gen 3% July 1990 83% 84% 8.15 8.15 83% 8% May 2000 ANP-CBS Ind 208.5 205.2 140.7 10.85 10.85 HORWAY 10% Mar 1993 101 10.37 101 Oslo SE 392.19 387.8 Diamond Sham SINGAPORE 10% May 1993 Straits Times 763.69 767.94 836.43 Federated Dept S 10% May 2013 11.10 SOUTH AFRICA 1,012.8 893.2 Abbot Lab 11.80 Feb 2013 104% 11.75 104% 11.75 JSE Industrial SPAIN 12% Dec 2012 12.00 Madrid SE 124.41 124.27 101.2 Source: Salomon Bros SWEDEN 1,479.88 1,456.4 1,434.92 J&P FINANCIAL FUTURES SWITZERLAND CHECAGO Lettest High Swiss Bank Ind U.S. Treesury Bonds (CBT) WORLD Nov 1 Pres 8% 32nds of 100% Capital Int'i 78-21 78-25 78-13 78-23 U.S. Treasury Bills (MIN) COMMODITIES

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

Dec

Certificates of Deposit (MIN)

92.96 93.00 92.95 93.00

92.32 92.33 92.30 92.38

92.03 92.06 92.00 92.06

113-01 113-14 112-29 113-07